12-1-1993

Program Study Final Report Part III: Overtown CRP Implementation/Fiscal Impacts Report

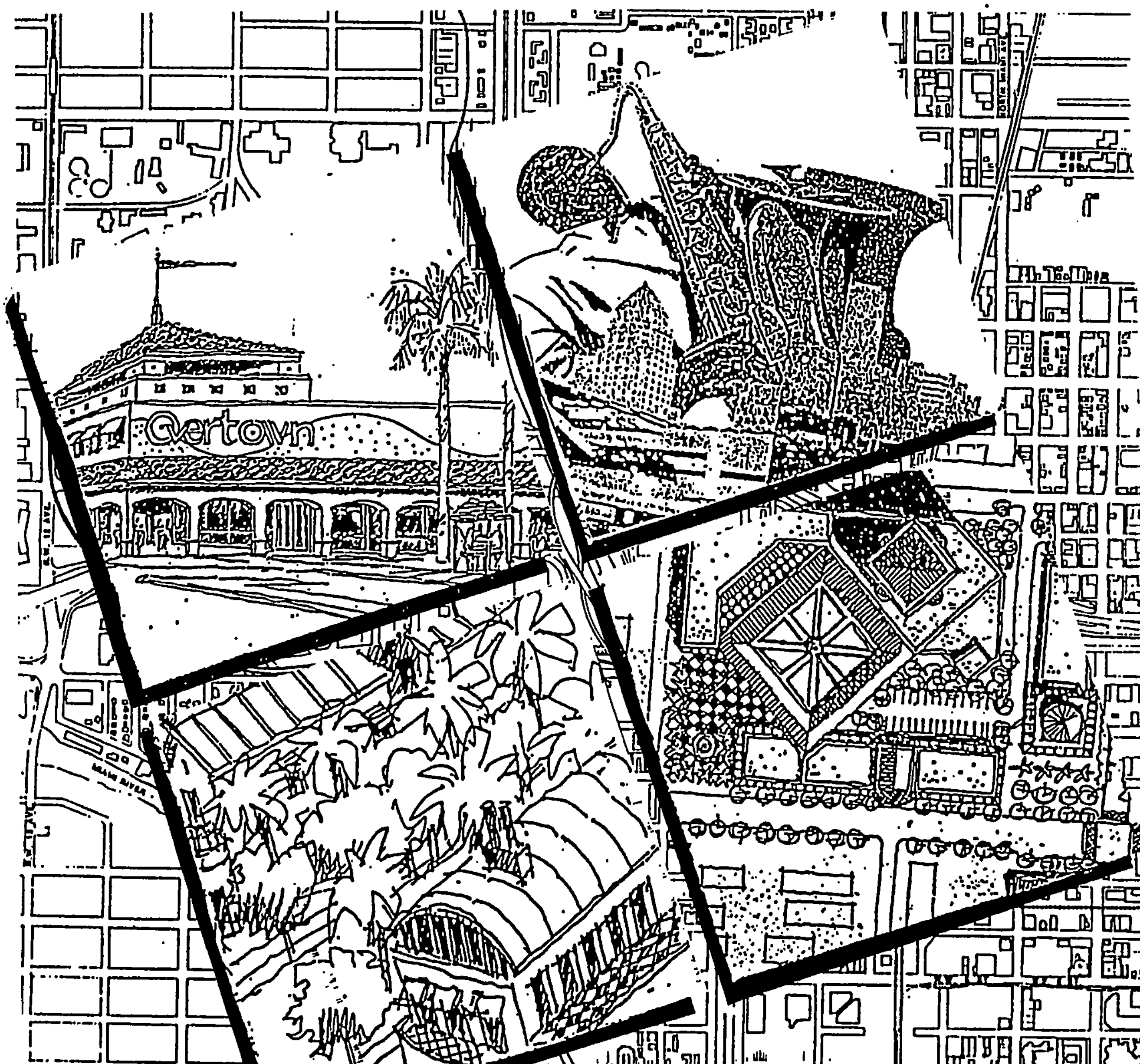
Reginald A. Barker

Robert D. Cruz

Overtown Advisory Board (Miami, Fla.)

University of South Florida. Florida Center for Urban Design & Research

OVERTOWN COMMUNITY REDEVELOPMENT PLAN & ACTION PROGRAM STUDY.FINAL REPORT.PART III



OVERTOWN CRP IMPLEMENTATION/ FISCAL IMPACTS REPORT

MIAMI, FL.

DECEMBER 1993

OVERTOWN COMMUNITY REDEVELOPMENT PLAN & ACTION PROGRAM STUDY.FINAL REPORT.PART III

OVERTOWN CRP IMPLEMENTATION/ FISCAL IMPACTS REPORT

(Task 5.0)

Prepared for:
OVERTOWN ADVISORY BOARD, INC. & CITY OF MIAMI, FL

By:
FLORIDA CENTER for Urban Design & Research.
In Association with Reginald A. Barker, A.I.C.P.
& Robert D. Cruz, Ph.D.

FLORIDA CENTER
for Urban Design & Research

FAMU/USF ARCHITECTURE PROGRAM
UNIVERSITY OF SOUTH FLORIDA, TAMPA, FLORIDA

DECEMBER 1993

TABLE OF CONTENTS

LIST OF ILLUSTRATIONS

LIST OF TABLES

1.0 INTRODUCTION, PURPOSE & SCOPE OF REPORT

1.0 INTRODUCTION/PURPOSE & SCOPE OF REPORT

Introduction and Purpose of Part III

This is Part III of a 3-part final presentation to support the review and adoption of a proposed **Overtown Community Redevelopment Plan** by the governing bodies of Metropolitan Dade County and the City of Miami. As the title implies--i.e., **Overtown CRP Implementation Action Program/Fiscal Impact Report**--Part III offers detailed and supplementary description and recommendations concerning the implementation of goals, objectives and policies which are defined in the Overtown Community Redevelopment Plan (CRP) Part II document to be adopted by the governing bodies of the City and Dade County.

The Part I document in this final report series is the **Overtown CRP Executive Summary**; it offers highlights of the conclusions, findings and recommendations in Part II and III.

This Part III report offers useful general guidelines concerning public-private management organization, implementation strategies and action programs, funding needs and sources, and action schedules during the proposed redevelopment period. It provides a particular focus on action programs and public investment posture during the first five years of the Overtown CRP implementation.

The report also provides documentation concerning the fiscal impacts of community redevelopment actions affecting losses and gains of the ad valorem tax base within the proposed Overtown CRP Tax Increment Financing District (TIF District), and it projects long-term tax revenue increments which will be available to support general government and special jurisdiction operating budgets after meeting TIF District bond issuance and debt service requirements. Additionally, Part III contains a broader assessment of economic and fiscal impacts attributable to the proposed community redevelopment actions within the Overtown CRP Target Area.

The separate publication of these details of implementation strategy, financing plans, and economic/fiscal impacts clearly establishes the practical feasibility of undertaking an additional redevelopment action program in the Overtown Community. This publication clearly demonstrates extremely favorable net economic and fiscal benefits for Metropolitan Dade County, the City of Miami, and the special purpose government jurisdictions which depend upon the property tax base and improved economic/social conditions in Overtown.

This Part III report fully addresses the issues and criteria for Metropolitan Dade County's consideration of proposed community redevelopment plans and tax increment financing districts under the State of Florida redevelopment legislation--i.e., F.S. Chapter 163-Part III. In this and earlier Overtown CRP planning studies special efforts have been made to comply with the policy

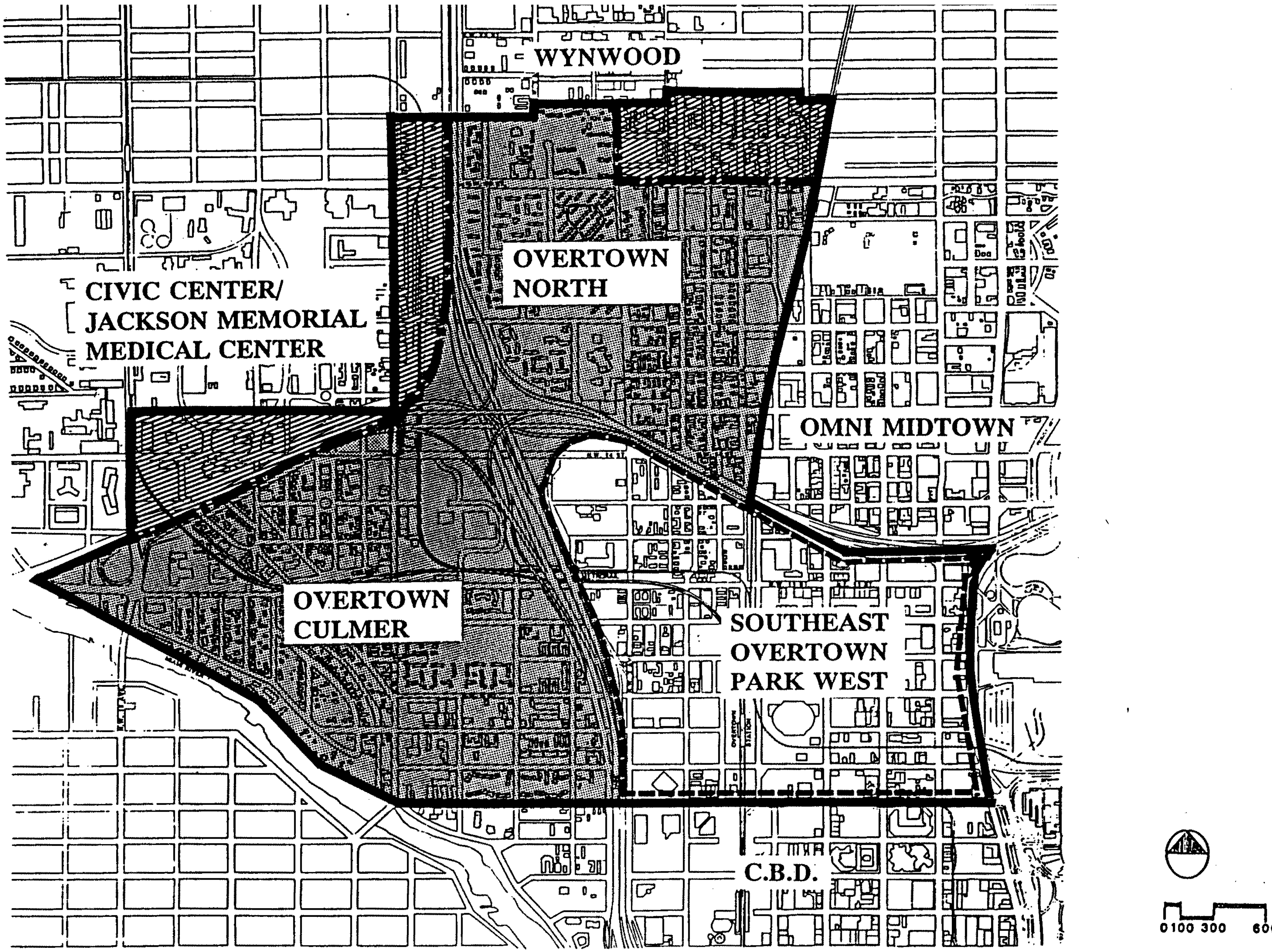


FIGURE 1.1 A: Overtown CRP Target Area Boundaries

Overtown Community Development (CD) Target Area which were excluded from the SEO/PW project, as well as certain limited sub-area extensions which are considered essential to address the blighting conditions of Overtown. (See project boundaries in the Part II Report.)

The proposed Overtown CRP Target Area fully satisfies four of the alternative conditions for an eligible community redevelopment area as prescribed in F.S. Chapter 163-Part III to support local government findings and declarations of necessity. These include: (a) prevailing slum and blight constitute a general menace to public health, safety, morals, and welfare of the residents; (b) slum and blight constitute an economic and social liability, negatively impacting the tax base and decreasing tax revenues; (c) there is evident need and opportunities to preserve and enhance the tax base; and (d) there is need to expand affordable housing opportunities. Detailed evidence supporting legal findings and declarations of necessity is provided in a separate report[2].

The Overtown CRP calls for a unique, multi-faceted community redevelopment plan and implementation strategy within the target area which will vigorously address all of the basic, long-term negative factors of distress to the Overtown Community while generating fresh and positive conditions for diversified residential population growth and stabilized property values. The recommended plan and program are purposely non-competitive with the Phase I and long-term market uses called for in the SEO/PW redevelopment plan.

The Overtown CRP emphasizes general residential community revitalization at typically low-moderate densities, along with supportive commercial and industrial consolidation and revitalization. Comprehensive preservation and rehabilitation actions of the many salvageable structures are stressed, along with selective reconstruction projects focussed on the many vacant and under-used properties within the target area. The target area has a relatively sound base of existing public infrastructure and buildings; the Overtown CRP provides for increased utilization of these assets to attract favorable multipliers of private investment and tax base growth with very modest incremental costs to Dade County and the City of Miami.

When adopted by the Dade County Board of County Commissioners and the Miami City Commission, the Overtown Community Redevelopment Plan (Part II), together with detailed data appendices, will constitute the official redevelopment policy and implementation guidelines for the conduct of community redevelopment activities within the Overtown CRP Target Area. Redevelopment policy will be conformed with the Comprehensive Plan and Zoning Ordinance[3] through appropriate amendments along the lines recommended in Sub-Sections 3.1 and 3.2 of the

---

[2] **Assessment of Existing Conditions Warranting Additional Redevelopment Actions in Overtown (Findings of Necessity Re F.S., Ch. 163 (Part III)**, prepared by the Florida Center for Urban Design & Research for the Overtown Advisory Board, Inc., and the City of Miami, May 1992.

[3] The **Miami Comprehensive Neighborhood Plan, 1989-2000**, City of Miami Planning Department; and the **City of Miami Ordinance 11000**, September 4, 1990, as amended.

Part II document. Therefore, the Community Redevelopment Plan will be an integrated governing document for the enforcement of development regulations within the target area, as well as providing the planning foundation for the CRA's establishment of specific public and private implementation initiatives, schedules, and investment commitments.

The Overtown CRP Planning Process/Related Reports

The Overtown CRP Parts I, II and III represent the final products of a broad "Overtown Community Redevelopment and Action Program Study" conducted by the Overtown Advisory Board, Inc. (OAB), under a grant provided by the City of Miami. A comprehensive professional work program on behalf of the OAB and the City was undertaken by the Florida Center for Urban Design & Research, a public service research institute of the University of South Florida (USF), which is affiliated with the FAMU/USF Cooperative Master of Architecture Program at Tampa, FL.

Florida Center provided a nationally credentialed team of urban redevelopment and affordable housing specialists, planners, urban designers, architects, and other expertise. Sub-consultants to the Florida Center for key elements of the work were: Reginald A. Barker, AICP, a native of South Florida and an urban community planning and development specialist with extensive prior experience of working with City of Miami and Dade County agencies; and Robert D. Cruz, Ph.D., an urban and regional economist and member of the faculty at the University of Miami. Samuel Casella, APA, AICP, a member of the 1987 consultant team with G/A Partners, Inc., on Dade County redevelopment policy and procedures, also provided advice to this effort. The consultant team's work began in mid-July 1991 and involved a substantial professional effort with multiple tasks and technical products.

The consultant team was provided supporting professional expertise and research facilities from: the City of Miami Departments of Development and Housing Conservation, Planning, Building and Zoning, Community Development, and Public Works; and the Dade County Appraiser's Office, Department of Housing and Urban Development, and the Planning Department, Research Division.

A major contribution of the consultant team was the undertaking of updated field surveys, data research and mapping within the target area pertaining to land use, building conditions, demographic trends, trends of change in assessed property values and revenues, and conditions of existing infrastructure and public facilities. The work relating to property values and revenue trends included an extensive historical profile of tax base changes in sub-areas of Overtown along the lines recommended in the G/A Partners report to Dade County. An objective factual basis was thus provided concerning patterns of urban blight, affordable housing and economic development needs, and fiscal conditions to support official "Findings of Necessary" for the proposed redevelopment. Completed in May 1992, the resultant report[4] and related resolutions

---

[4] Op. Cit. Florida Center, **Assessment of Existing Conditions...**, May 1992.

for "Findings of Necessity" can be reviewed and approved through either separate or concurrent reviews, hearings and adoption n proceedings for the overtown Community Redevelopment Plan.

A market study for the target area was also undertaken in compliance with recommended Dade County procedures for new tax increment redevelopment projects review. This included objective assessment of population and employment changes and market supply/demand projections for proposed land uses, facilities and services within the target area.[5] Redevelopment program and phasing objectives in the Overtown CRP Part II Report are defined with detailed regard to the socio-economic composition of the existing and future market sectors which are relevant to this target area.

Other studies performed on behalf of OAB and the Overtown community at large included: a community development and service delivery organizational assessment, recommendations for future organizational alternatives to effectuate community improvements, and an "Overtown Community Action Program Agenda". These studies relate to the entire Overtown Community's needs and interests within the adjacent redevelopment districts; they provide guidelines for on-going efforts of Overtown Community leaders to chart community based initiatives and appropriate development partnerships with government, the Greater Miami business and financial community, and county-wide non-profit development assistance organizations.

During and following the preparation of these and related reports the OAB conducted a program of local presentations, reviews and feedback from Overtown community organizations, business and governmental leaders. Expanded public reviews and hearings will be required prior to formal findings of necessity and adoption of this Overtown CRP.

The remainder of this Part III report is organized in terms of the following sequential content:

- **Section 2.0: Five-Year Implementation Action Program & Schedule.** A general framework of recommended implementation strategy is presented, including: organization and management capacities of the CRA and a related public-private partnership structure; major action programs and sub-area renewal treatment strategies; and long-term phasing of public-private investment. This is followed by a more specific focus on action programs and scheduling during the first five years.

- **Section 3.0: Overtown CRP Financing Strategy.** Projections of public and private investment costs by components and phases are presented, along with analysis and recommendations of diverse sources of funds to support public investment requirements. Alternative scenarios for the composition of Overtown TIF District funds and other

[5] **Market and Community Development Needs/Opportunities Assessment**, prepared by Reginald A. Barker, AICP and Robert D. Cruz, PhD., in association with the Florida Center, for the Overtown Advisory Board and City of Miami, May 1992.

governmental sources are evaluated, with recommendations for the scheduling of TIF District bond issues.

- **Section 4.0: CRP Target Area Fiscal Impact Analysis.** This section includes: a summary of significant trends affecting current taxable property values; projections for the growth of tax base and revenue increments attributable to redevelopment; analysis of TIF District bonding capacity and revenue pay-backs to government under alternative financing scenarios; and fiscal impacts of future public service demands attributable to redevelopment.

- **Section 5.0: Assessment of Related Economic/Fiscal Impacts of Overtown CRP Implementation.** This includes a general projection of other direct and indirect impacts relating to changes of business activity, household incomes, jobs, wages, spending patterns, etc.

2.0 FIVE-YEAR IMPLEMENTATION ACTION PROGRAM & SCHEDULE

2.0 FIVE-YEAR IMPLEMENTATION ACTION PROGRAM & SCHEDULE

This section provides a recommended general framework of Overtown CRP implementation strategies throughout all phases of public and private redevelopment activity. The overall strategy provides context for a more specific focus on recommended action programs and investment objectives for Phase I of the total 14-year redevelopment period. All phasing concepts assume that expeditious public reviews, hearings and adoption of the Overtown CRP and related TIF District will be completed prior to January 1, 1995.

2.1 PUBLIC-PRIVATE PARTNERSHIP IMPLEMENTATION FRAMEWORK

Principles of Public-Private Action

The general strategy for implementation of the Overtown CRP departs from the traditional reliance on heavy governmental intervention in blighted urban areas years in advance of private market engagement--i.e., approaches, which characterized federally sponsored urban renewal of the 1950-74 period and continued to influence the thinking of later projects in certain communities, including Miami. The proposed Overtown CRP implementation approach follows more contemporary national models of partnership initiatives involving public and private co-investment and risk-sharing in parallel project activities, with coordinated targets and schedules for action. This implementation strategy will be carried out in four major phases over a 14-year redevelopment period, 1995-2008.

Several basic principles for productive actions to generate private market interest and achieve cost-effective urban reinvestment in the target area are emphasized. These include:

- **"Critical mass" action programs.** Perceived and actual blighting conditions will be attacked with a variety of relatively low-cost initiatives--such as code enforcement, public environment maintenance, and housing rehabilitation--from an early date and in all relevant sub-areas in parallel in order to generate positive market perceptions. Private investment projects with heavier-cost public incentives will follow in successive phases based on the overall pace of growing market opportunities; construction will occur in several locations simultaneously.

- **Complementary market/community needs initiatives.** Emphasizing conservation and rehabilitation of existing housing and non-residential uses, the needs of current Overtown residents for affordable housing, economic opportunities, and community services will be addressed in carefully targeted areas and priorities. Complementary market initiatives for new residential and economic activities will emphasize new construction within infill redevelopment sites of varied scope. Rehab and new projects will offer wide choices of neighborhood style, site density, housing types, owner/renter options, costs and financing incentives, thus appealing to a broad market spectrum and resulting in faster overall construction absorption rates. Similar complementarity of commercial, general business and industrial space modernization and new construction offerings will be emphasized.

o **Reinforcement of the Southeast Overtown/Park West redevelopment process.** The proposed Overtown CRP implementation will be capable of producing relatively rapid changes in perceived negative images of the area as a whole, thus helping to create a favorable market climate for major developments in Southeast Overtown/Park West. The proposed CRP will address quite different and more varied housing markets than can be accommodated in the high-rise/high-density projects called for in the existing redevelopment/TIF district. Commercial and industrial uses envisioned for the Overtown CRP are similarly non-competitive.

Partnership implementation strategies for the Overtown CRP Target Area take advantage of the existing and relatively under-utilized base of sound transportation, streets and utilities, open space and community facilities. Selective improvements for corrective sub-division, local access/traffic adjustments, and open space/street beautification are targeted and phased for timely support of private project commitments. At the same time, extensive vacant land and structures and substandard building conditions are addressed vigorously through land use plan amendments, re-zoning, planned development overlay district incentives, development impact fee incentives, property acquisition and redevelopment initiatives, and a varied range of direct project financing assistance for private redevelopers. Unlike the traditional urban renewal strategy, front-end land assembly is treated as a shared public-private responsibility in this plan.

All public implementation policies of the Overtown CRP are based on business-like treatment of the respective public, private and community interests. Proposed redevelopment policies recognize that private lenders and experienced redevelopers have alternative, more risk-free market and investment options; they must be provided with attractive reasons for working in Overtown. Existing property owners involved in speculative land holdings must also be provided with tangible incentives for action. The most important implementation policy issues from the private sector perspective include: the ability to complete projects on efficient timetables and to rely upon the CRA's authority to deliver on public promises; limitation of front-end project costs and risk exposure; access to favorable mixes of project financing from private and public sources; and opportunity for competitive "bottom line" rates of return on investment on foreseeable timetables.

At the same time, all proposed public funding for the Overtown CRP Target Area if based on a business investment outlook, rather than the traditional public welfare and deep subsidy approaches of earlier urban renewal efforts in Miami and other U.S. cities. Two fundamental principles of modern partnership investment practices are built into this implementation strategy, i.e.: **leveraging** of private investment and **recoverability** of invested public resources. In terms of leveraging, all private development projects which receive tangible public benefits--for example, zoning incentives, exclusive land development rights, project financing assistance, and/or supportive public improvements--are expected to show public-private investment dollar ratios in the range of 1:2.5 to 1:5. Assisted private developments are also expected to produce measurable assessed property value increases and other economic and social benefits for the general public and Overtown Community interests.

In terms of public funds recoverability, private development performance is measured in terms of balanced short-term and long-term pay-backs. Instead of the more traditional redevelopment land price write-downs, full land price recovery policies with extended payment schedules and redeveloper financing assistance are recommended. Direct project assistance for affordable housing or economic development objectives emphasizes repayable loans at low interest rates; grant subsidies for special social objectives are used sparingly. Certain other public investments will necessarily entail longer term recovery of funds through incremental tax revenues--for example, capital improvements or housing and business relocation assistance.

Through these business-like, transactional approaches to redevelopment ventures the proposed Overtown CRP is able to show relatively low public costs and extremely favorable paybacks to the tax payers. For a full understanding of the unique features of implementation policy and procedures incorporated in the plan, it is necessary to review Section 3.0 of the Overtown CRP-Part II document and the separately published Overtown CRP-Part II Appendix.

Other important features of the partnership approach to implementation are described in the following pages, including: organization and management structure; component action programs and tools and sub-area renewal treatment strategies; action program phasing; and public-private investment targets.

CRA Board and Staff Organization/Enablement

The most important redevelopment policy decisions to be made by the Miami City Commission and Dade County Board of County Commissioners concerning the Overtown CRP will be associated with the establishment of a capable Community Redevelopment Agency (CRA) through their Inter-Local Agreement, as well as sustaining operating budget and staff support for the CRA. Under the statutory guidelines of F.S. Chapter 163-Part III, the governing bodies are empowered to appoint a CRA Board consisting of five to seven Commissioners serving for staggered 4-year terms of appointment. The governing bodies must also appoint a CRA Chairman and Vice Chairman from among the incumbent Commissioners. The statute allows an alternative CRA format by which a local governing body may designate itself as the CRA and function in alternative legislative and implementation capacities. This option has been used in the case of the SEO/PW project to designate the Miami City Commission as the CRA.

The following recommendations are offered for the organizational enablement of a capable CRA Board and Staff in the case of the Overtown CRP and related TIF District.

CRA Board Composition/Delegated Management Authority

It is strongly recommended in this case that a representative Board of seven Commissioners be established in the Overtown CRA, including widely respected leaders representing the interests of the Overtown Community, the Greater Miami business and financial community, and other private and public agencies whose expertise and financial resources must be committed to effective solutions of Overtown's entrenched social, economic, and physical environment problems. The Board might also include individual Commissioners providing ex-officio representation of the Miami City Commission and the Dade County Board of County Commissioners. However, it is advisable that the CRA Chair and Vice Chair be appointed from Commissioners who are not elected officials.

This type of representative composition of the CRA Board is the normal model for the most successful redevelopment agencies across the U.S. It avoids the confusion of legislative policy responsibilities with in-depth treatment of policy implementation and management responsibilities; in this case, it will provide equally strong service to the redevelopment policies and fiscal priorities of the City of Miami and Metro Dade County, both of which will be called upon to contribute incremental tax revenues and other financial resources for Overtown CRP implementation.

The CRA Board must be provided clearly defined powers and duties within the statutory framework of F.S. Chapter 163-Part III. On one hand, the CRA must operate within the legislative policy embodied in the approved Community Redevelopment Plan (CRP) and in concert with other ordinances and policies of both sponsoring governments, whether in force at the inception of the project or enacted later on. The CRA's annual operating budgets and capital investment programs should be subject to review and approval of the governing bodies, and the CRA must be accountable to these bodies for legal and proper fiscal management of all resources employed in the project under the CRA's administrative control.

Certain key redevelopment implementation powers are inherently vested in sponsoring local governments and must be reserved to the decision-making authority of the Dade County Board of County Commissioners and Miami City Commission. These **reserved powers** include:

- **TIF District Establishment:** the establishment by ordinance of a Tax Increment Financing (TIF) District and Trust fund for the management of incremented tax revenues generated within the TIF District. The ultimate termination of the TIF District Trust Fund collections and disposition of assets will also be reserved to the elective bodies.

- **TIF Bonds Issuance:** approvals for the issuance of tax increment revenue bonds and any related collateral revenue pledges or guarantees that may be required to effectively market the TIF Bonds.

- **Exercise of Eminent Domain:** review and approval of any CRA decisions to acquire property through an eminent domain procedure, with proceedings in accordance with F.S. Chapter 163-Part III.

- **CRP Plan Amendments:** review and approval by ordinance of any amendments to the Community Redevelopment Plan that may be required during or following the implementation period, again in accordance with F.S. Chapter 163-Part III procedures.

- **Implementation Policy/Procedural Guidelines:** review and approval of any CRA redevelopment operating policy guidelines and procedures for Overtown CRP implementation, or revisions to such guidelines, before general public promulgation.

On the other hand, the delegation to the CRA of broad management authority and discretionary latitude for implementation decisions in a business-like manner is a matter of crucial importance. Given the special characteristics of the Overtown CRP plan and implementation strategy--i.e., multi-pronged action programs for building rehabilitation and both small and large redevelopment projects, simultaneously scheduled in multiple sub-areas--it is inconceivable that the CRA could operate fairly or efficiently if it were dependent upon the political bodies and procedures for detailed implementation decisions. Such dependence upon the Miami City Commission has been a major contributing factor to the delays of the SEO/PW project implementation.

The most important areas for **CRA delegated management authority and internal decision-making** include the following:

- **Property Acquisition:** general authority to conduct property acquisition programs by negotiated purchases, private gifts, dedications, or in-kind public contributions in accordance with the CRP and other statutory guidelines. Where properties cannot be acquired by any means except eminent domain, the CRA should follow the applicable statutory procedures for property takings to be approved by the governing bodies.

- **Relocation and Site Preparation:** general authority to carry out residential and business relocation assistance programs, demolition, and site preparation activities in accordance with the CRP and other statutory guidelines. This includes authority to enter into contracts with private or public agencies who are qualified to assist in the delivery of these services.

- **Designation of Redevelopers and Property Disposition:** general authority to designate suitably qualified redevelopers/redevelopment teams, conduct property disposition programs, and enter into appropriate redevelopment agreements involving private and public commitments. Again, this function must be administered in accordance with the approved CRP and other statutory guidelines. Critical to this discretionary area is the latitude for the CRA's use of competitive or "sole source" methods of solicitation and designation of redevelopment teams, as well as methods for projects review and negotiations of terms of redevelopment agreements, as appropriate to different sub-areas and conditions of land assembly and disposition. (See especially Sections 3.5 and 3.7 of the Overtown CRP-Part II document.) Obviously, there are exceptional projects which will require Miami City Commission or Dade County Board of County Commissioners review and approval, especially those involving City- or County-owned property, special regulatory concessions, or financial support beyond the budgeted resources administered by the CRA. In all cases, private redevelopers and financing institutions must be able to rely upon the CRA to fulfill the conditions of public support which are spelled out in project redevelopment agreements. The CRA must also be able to enforce redeveloper compliance with such agreements; appeals of CRA decisions to the elective bodies might be considered, but only for substantial cause.

- **CRP Enforcement/Responsibilities As Regulatory Agency:** general authority for the CRA to enforce compliance of private and public property owners with the Overtown CRP planning and redevelopment controls, including the conduct of concentrated code enforcement programs and periodic property inspections with the assistance of relevant City of Miami agencies. It is also quite important that the CRA be accorded a special position in the administration of comprehensive plan land use and zoning controls within the Overtown CRP Target Area. As recommended in the Overtown CRP-Part II document Section 3.1, the CRA would participate jointly with the City of Miami Department of Planning, Building and Zoning in the administration of unified and efficient project review and permitting procedures. Through employment of planned development zoning overlay districts covering the target area, the CRA would be empowered to prepare area-specific Community Design Plans (CDP's) for approval of the Miami City Commission, and subsequently control the overall quality of development with special design/development incentives and controls embodied in such CDP's. The Miami City Commission's normal zoning powers would not be abrogated in any way, but its typically crowded agenda for special exceptions and permits would be simplified through the quality and efficiency of inter-agency administration of planned development overlay district incentives and controls.

- **Coordination of Public Improvements:** general authority to plan, promote, and coordinate the execution of capital improvement programs and related design/engineering, construction, and maintenance actions of all governmental agencies within the target area. The CRA should participate with budget agencies of the City and Dade County in the regular preparation of long-range capital improvement programs (CIP) and short-term budgets for the Overtown CRP Target Area, covering all relevant federal, state, and local government facilities and funding sources. With regard to any approved projects to be supported by TIF District funds, the CRA should be empowered to assign funds, execute contracts, and monitor the performance of design and construction agencies. With regard to projects supported by other agencies/sources, the CRA should be empowered to review and approve design and engineering plans, establish construction period conditions and schedules, and monitor project completion. Additionally, the CRA should act independently to secure corrective actions by any relevant agency with regard to problems of public facility maintenance, safety hazards, security, etc.

- **Coordination of Project Assistance/Public Benefits:** general authority to plan, promote, and coordinate inter-agency assistance for private development projects with regard to affordable housing, economic development, and other benefits to the general public and/or Overtown Community interests. As a regulatory enforcement and design review agency, the CRA will be cognizant of the needs of private projects for various types of development incentives and public financing assistance; such needed assistance will include TIF District resources administered by the CRA and other agency resources. The Overtown CRP Target Area should be provided with sustaining commitments of affordable housing and economic development assistance funds from programs controlled by the City and Dade County, and the CRA should work closely with all administrative agencies to ensure that assisted projects comply with public and community benefit criteria defined in the Overtown CRP--for example, leveraging of private investment, tax revenue increments, minority/community jobs opportunities, or replacement facilities for relocated households or businesses.

- **Contracting Authority:** general authority for the CRA to approve and execute contracts for professional and business services, construction, property maintenance and management, and other related purposes, without limitation of amounts, provided that expenditures are authorized by budgets approved by the governing bodies.

Each of the above areas of discretionary CRA decision authority will be subject to the provisions of the approved Overtown Community Redevelopment Plan, statutory guidelines in F.S. Chapter 163-Part III, certain ordinances and resolutions of the City of Miami and/or Dade County, and, in a few cases, the regulations of federal and state funding agencies. Inevitably, there will be some contradictory or incompatible elements in the statutory and administrative guidelines which will require interpretation or modifications. Therefore, it will be important for the CRA to conduct a thorough review of legal and administrative implications of Overtown CRP implementation policies and procedures, followed by submission of claried administrative rules and procedures to the two governing bodies for their approval. The CRA should be encouraged to identify simple, clear and efficiently administered rules and procedures which provide equitable treatment of public and private interests.

CRA Administrative Staff/Budget Enablement

Given the unique nature of the Overtown CRP implementation strategy, professional and administrative expertise must command a greater share of public financial support than would be required for a large project involving extensive land clearance and reconstruction (e.g., the SEO/PW project). It is here recommended that a strong professional administrative Core Staff be supported by the TIF District tax increment funding, with supplementary in-king staff expertise supported by normal operating budgets of the City of Miami and Dade County.

The principal responsibility for CRA executive leadership and Core Staff employment should be vested in the most appropriate development and housing agency of the City of Dade County. The director of such coordinating agency should serve as the CRA's Executive Director.

Just as the CRA Board will require delegation of implementation authority from the governing bodies, it should provide the Executive Director with effective delegation of administrative authority and responsibilities. Within the framework of approved operating budgets, the Executive Director should have Core Staff hiring/termination authority, materials and services procurement authority for limited contract sums, and broad responsibilities for redevelopment program and budget planning, action program scheduling, and preliminary property and development negotiations. All major implementation management decisions should be made by the CRA Board on the basis of options and recommendations presented by the Executive Director.

In conjunction with the consultant team's preparation of the proposed Overtown CRP plan and financing strategy a conceptual staffing plan and operating budget estimate for the total redevelopment period have been prepared. (See Overtown CRP-Part II Appendix, Tables A4.1(A) and A4.1(B).) Highlights of the professional and administrative expertise and budget cost-sharing embodied in this preliminary proposal are summarized as follows:

- **CRA Core Staff** at the peak implementation period (i.e., Years 6 through 11) would include total professional expertise and support staff of 11.0 FTE, the majority of which would be budgeted against TIF District revenues. This Core Staff would include a full-time Project Director, three Assistant Project Directors with specialized professional responsibilities, three Administrative Assistants for office and financial management and development assistance, a Drafter/Delineator, and three Secretarial/Clerical support staff members. These positions would be filled gradually through part- and full-time appointments in Years 1-5, with staff phase-outs in Years 12-14. Proposed staff compensation levels are consistent with current City of Miami personnel standards.

- **Other TIF-supported expertise** would include contract services for legal advisers, accounting and audit services, community design/engineering services, and architectural review consultants. Legal and accounting services would include specialized expertise to augment City and Dade County staff agencies. Community design, engineering and architectural review consultant services are associated with the CRA's responsibilities for Community Design Plans and design review procedures; they do not cover construction design activities, which are elsewhere covered by cost estimates for public improvements. The heaviest costs of contract services will occur in the first five years of implementation.

  It is important to note that other Overtown CRP implementation cost estimates cover additional needs for CRA contract services in the areas of: property acquisition and re-use appraisals and surveys; residential and business relocation services; and fees for non-profit organizations involved in packaging affordable housing and economic development assistance to private developments.

  The TIF-supported administrative costs additionally include extra personnel and expense support for concentrated code enforcement activities of the City of Miami. This support would supplement existing staff activity under normal operating budgets; the heaviest costs for code enforcement will also occur in the first five years of implementation.

- o **General operating expense** support for the CRA Core Staff is provided for at a nominal allowance of 15% of total direct personnel expense.

- o **In-kind staff support** to augment the expertise and manpower in the CRA Core Staff would be provided by City or Dade County agencies from their regular personnel and operating budget resources. It is assumed that the services of the CRA Executive Director would be supported in this manner. It is further assumed that the majority of in-kind staff and operating expense support would come from central staff and line agencies of the City of Miami, including: legal counsel; financial and accounting services; planning, zoning, building permitting, and code enforcement; housing and community development assistance; public works; and other line agency services. Supplementary in-kind contributions from Dade County agencies might include: legal counsel; financial oversight; housing programs administration; economic development assistance administration; and line agencies concerned with Dade County infrastructure and facilities in the target area.

- o **Total funding needs** for these categories of Overtown CRP administration, planning, and concentrated code enforcement during the 14-year implementation period are estimated in the amount of $9,328,000 (1993 dollars), averaging approximately $666,000 per year. Of this total, at least $2,250,000 would be provided on an in-kind basis from normal operating staff and budget resources of the City and County. Approximately $7.1 million of support would need to be raised from TIF District revenues and additional cash and in-kind sources.

- o **Alternative cost-sharing scenarios** for these administration, planning, and concentrated code enforcement expenses have been evaluated. The key variation among the scenarios is the amounts and timing of tax increment financing from the TIF District that could be made available for these purposes while meeting other critical redevelopment funding needs. Scenario A would provide almost $6.1 million of TIF District cash support, or 65.2% of the total support needed. This would cover: 100% of contract services costs; 75% of CRA Core Staff personnel and operating expenses in the first eight years and 100% in the final years; and 75% of concentrated code enforcement staff and operating expense in the first eight years and 100% in the final years. It is assumed that the 25% balance of cash support for the CRA Core Staff and operating expense in the first eight years could be borne by another redevelopment program and TIF district, such as the SEO/PW project. It is further assumed that the 25% balance of concentrated code enforcement support in the first phases could be provided on an in-kind basis by the City of Miami. In Scenario A, in-kind support from City of Miami departments is estimated on the order of $1.57 million, for an average of just over $112,000 per year (1993 dollars). The comparable in-kind support estimate for Dade County departments is $750,000, for an average of almost $54,000 per year.

Scenario B would provide a reduced amount of just over $5.5 million of cash support from the TIF District, or 59.2% of the total need. Vis a vis Scenario A, this scenario would provide equal TIF funds coverage of all budget components in the first eight years. However, 25% of the cash support for CRA Core Staff and operating expenses in the final six years of redevelopment operations would be shared by another redevelopment project and TIF district (e.g., the SEO/PW project). Similarly, the City of Miami would continue to provide 25% of the need for concentrated code enforcement in the final years on an in-kind basis. The overall in-kind budget support from the City of Miami would be nominally increased in this scenario to just under $1.6 million, or about $114,000 per year. Dade County in-kind support would be the same as in Scenario A.

As implementation proceeds, it will be important for the CRA to estimate personnel and expense support needs more closely and review these conceptual projections of available TIF revenues. The adequacy of professional and administrative manpower provided for these CRA activities will have important impacts on the pace of private investments and tax revenue growth within the TIF District; slow-paced redevelopment will place heavier burdens on the general operating budgets of the City and Dade County.

Complementary Public-Private Partnership Organizational Capacity

Even the most capable CRA organization will not be successful in the implementation of this redevelopment program acting alone or supported only by other City and County agencies. The national experience with large-scale community revitalization in the post-federal urban renewal era clearly demonstrates that complementary partnership initiatives from the neighborhood and private business community sectors are critical ingredients for success. The consultant team's work on the Overtown Community Redevelopment and Action Program Study has included an in-depth review of successful national models of partnership approaches to community revitalization, affordable housing and economic development, as well as an objective assessment of the current capabilities of community-based development organizations in Overtown and the historical record of involvement in these issues on the part of the Greater Miami business and financial community[6].

The general conclusions of these studies are: first, pro-active measures are urgently needed to reinforce the Overtown Community's capacities for self-help development organization and enterprise; second, the private corporate community must be provided a compelling invitation for greater partnership commitment to the economic and social renaissance of Overtown.

---

[6] See Florida Center for Urban Design & Research, **Preliminary Recommendations for Overtown CAP Implementation Structure**, February 1992; also, **Overtown Partnership Community Action Program Agenda**, November 1992.

Current Ingredients/Potentials for Community Self-Help Development

The Overtown Community has several non-profit community development corporations (CDC's) of longstanding, and leading churches in the community recently initiated additional CDC's. However, CDC's in Overtown have subsisted marginally on governmental grants and have generally been non-competitive in the pursuit of corporate community support or county-wide affordable housing and economic development program resources--i.e., by comparison with other CDC's in Liberty City or Little Havana. Despite the long-term efforts of the Overtown Advisory Board (OAB) to serve as a vehicle for community consensus, the Overtown Community lacked coherent internal organization until recently.

The community's interests span both the Overtown CRP Target Area and the westerly portions of the Southeast Overtown/Park West redevelopment area. It has many basic ingredients for more successful community-based development, such as: numerous churches with diverse congregations living within and outside the community; extensive land holding by original residents who retain cultural and economic interests in the area; many existing small businesses and industries; and an existing nucleus of CDC experience and leadership.

The recent initiatives of the Miami Dade Community College (MDCC) system to access charitable foundation support for social and economic development through the Overtown Neighborhood Partnership (ONP) and Enterprise Foundation is another promising potential. Finally, there is a felt need among certain community leaders for a more effective vehicle for consensus-building actions, possible through restructuring of OAB's mission and organizational capacities.

Clearly, the City of Miami and Dade County can play a significant role, together with the private corporate community, in enhancing the competitive self-help development capacities of existing CDC's, churches and other neighborhood institutions, and property owners. This can be accomplished, in part, through improved public and private budget support, management and technical assistance for CDC's and community action coalitions such as OAB and ONP. And, in part, it must involve specific opportunities for community-based redevelopment ventures and small business enterprises; such opportunities are built into the Overtown CRP strategies for cooperative land assembly and affordable housing and economic development ventures. (See Overtown CRP-Part II report, Sections 3.5, 3.7, 3.10 and 3.11.)

Corporate Community Involvement/Potential Resources

The Greater Miami business and financial community involvement with the Overtown redevelopment efforts of the City of Miami and Dade County suffers by comparison with successful roles of the private corporate sector in downtown community revitalization programs in such cities as Atlanta, Charlotte, Boston or the Twin Cities of Minnesota. Based on the consultant team's interviews with Miami business and neighborhood leaders and an historical review of the SEO/PW project, it is generally acknowledged that the local business and financial community became disengaged from that effort shortly after the original Overtown and Park West redevelopment proposals were pieced together. Various reasons have been offered for the continuing aloof posture of the corporate community, such as: the transitory character of Miami's business community leadership; a perceived sense of Metro Dade County's detachment from Overtown needs/priorities; and unreliable policy decisions and follow-through under circumstances of the Miami City Commission's operation as the SEO/PW CRA.

While some have challenged the validity of these reasons, the negative impacts of weak corporate community support for the City's Phase I redevelopment efforts in the SEO/PW project are self-evident, i.e.: heavy front-end public investment; delays in obtaining favorable project financing from local lenders; and weak market responses to initial building offerings.

It is important to note that Miami's major corporations, charitable foundations, and key lending institutions have not been disengaged from social and economic development concerns in other neighborhoods. Both national and local corporations and foundations have provided widely publicized assistance to CDC's in the Liberty City Community, operating through the Greater Miami Local Initiatives Support Corporation (LISC).

In addition to LISC, several capable non-profit corporations have been created by the corporate community to operate as area-wide affordable housing development assistance organizations, including Greater Miami Neighborhood, Inc. (GMN) and Homes for south Florida, Inc. (HSF). These act as intermediary groups to provide management and technical assistance for neighborhood CDC's and to facilitate their access to private and governmental financing programs for specific projects.

Corporate community intermediaries are also active in the economic development assistance field, including business/industry recruitment efforts of the Greater Miami Chamber of Commerce, Miami Dade Chamber of Commerce, and the Beacon Council. Small business development assistance is provided through non-profit organizations such as Tools for Change and others.

A limited number of Overtown projects for affordable housing and small business development have been assisted by GMN, HSF, and Tools for Change. However, there has not been a "critical mass" of private financing and moral support committed to Overtown, or any other individual community. This may be attributable to the fact that corporate sector involvements have been based on a combination of charitable motivations and reluctance to assume long-term investment roles in areas of perceived economic risk and weak public initiatives.

The current outlook of the Greater Miami business and financial community does not appear to be immutable. It seems very likely that there would be very positive responses toward a greater level of public-private co-investment and long-term commitment to the renaissance of overtown if partnership structures are properly organized and carry strong/steady policy commitment from the elective governing bodies of both Dade County and the City. The long-term economic pay-backs to those major companies with vested interests int he core city have been clearly demonstrated in the community revitalization efforts of the previously mentioned partnership cities.

Proposed "Triangular Partnership" Structure

Several alternative models of partnerships which could support the Overtown CRA have been defined and evaluated in the previously referenced consultant team studies. A "Triangular Partnership" organization concept is recommended as the conceptual form which most clearly provides effective implementation roles and opportunities for leaders and organizations in the neighborhood, corporate community and governmental sectors. This is illustrated in Figure 2.1A.

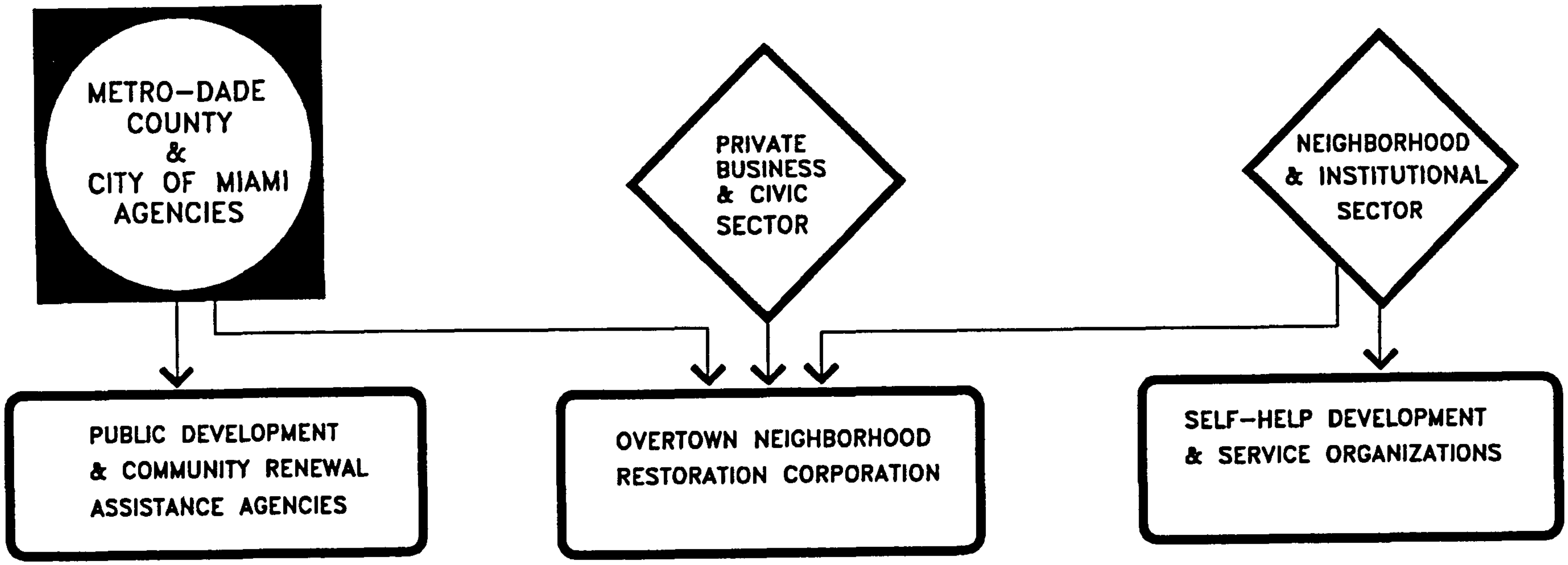
As shown in the diagram, a distinct sphere of public development implementation responsibilities is associated with the Overtown CRA and other special purpose governments or departments of the City of Miami and Metro Dade County. Another corner of the Triangular Partnership is associated with community-based self-help development and service functions, which would be coordinated through a coalition of Overtown neighborhood groups and non-profit institutions.

The third partnership sector, the private business and civic interest groups, contribute access to various private resources and development expertise through a proposed not-for-profit, tax-exempt development corporation. This entity is conceptually identified as the "Overtown Neighborhood Restoration Corporation". It would have representatives of the governmental, neighborhood, and private sector in its Board of Directors. It would serve as the intermediary decision-making and management body for cooperative development initiatives of the entire Triangular Partnership.

There are several important intentions for this particular structure based on the ONRC as a prime mover. It provides a vehicle for the involvement of top-rank business/civic leaders in shaping the Overtown revitalization agenda without pre-conceiving the specific roles or risk-sharing contributions of particular companies in particular projects. The ONRC would advocate business-like redevelopment policies and operations and assist the Overtown CRA to earn the confidence of the Greater Miami business and financial community. It could provide timely access to appropriate private financing and development expertise for key public benefit projects, thus providing assurance that government will not bear costs and market risks alone. At the same time, ONRC provides an effective vehicle for both governmental and private business/civic sector contributions of financial support and/or management/technical assistance for neighborhood CDC's and community-based projects and enterprises.

A brief overview of proposed participants and implementation activities in each of the three partnership sectors follows.

o **Metro Dade and City Agencies.** As the principal governmental actor, the Overtown CRA would control all statutorily-defined redevelopment activities under F.S. Chapter 163-Part III; it would enlist the support of other public agencies, the ONRC and other non-profit organizations in carrying out certain public action responsibilities. A number of independent authorities and departments of Metro Dade County have important facilities and services in the Overtown CRP Target Area which could have significant impact on economic, social and environmental action programs. These include: the



- Metro-Dade County/City of Miami joint implementation of Community Renewal Plan/TIF Financing District per F.S. Ch. 163 (Part III).
- Overtown impact programs of Metro-Dade, State & Federal agencies (e.g., Public Health Trust, School District, "Little HUD", Metro Rail).
- Public improvements design, financing & construction.
- Code enforcement, maintenance & service improvements.
- Land disposition & development incentives & controls.
- Coordinated public assistance for affordable housing, CD & ED.

- Overtown Community Action Program (CAP) planning & coordination.
- Overtown marketing and public information services.
- Affordable housing delivery systems design.
- Affordable housing development packaging & private loan pool support services.
- Economic development & social/community services. Project packaging- self- help enterprise support services.
- Charitable and civic interest investments coordination & public-private trusts management.
- Other private-public partnership co-development services.

- "Umbrella organization" for Overtown community groups coalition & advocacy (e.g., OAB/ Wellness Institute).
- Affordable housing sponsorship & development via CDC's, churches, & private assistance agencies.
- Housing construction & operating support enterprises.
- "Folk Life Village" & other cultural restoration projects.
- Small business enterprises for community facilities & services (e.g., shops, industries, health care, daycare, etc...)
- Other neighborhood self-help initiatives (.eg., housing/neighborhood rehab, volunteer assistance, crime & drugs control, etc...)

FIGURE 2.1 A: General Partnership Structure for Overtown Community Action Program

Public Health Trust, the School Board, Metro Dade Transportation Agency, and the Department of Housing and Urban Development. A number of City departments would be called on to provide in-kind staff support to the CRA for planning and development permitting, code enforcement, public improvements, and community development/housing assistance. Balanced representation of officials from Metro Dade and City agencies in the Board of Directors of ONRC will be essential to its effectiveness as a coordinative body.

- **Neighborhood and Institutional Sector.** This organizational plan assumes that the varied interests and self-help development potentials of the Overtown Community will be more coherently defined and coordinated through an "umbrella" organization, consisting of an influential "grass roots" leadership board and a small/capable staff. At the option of community leaders, the organization of this neighborhood coalition could take advantage of the existing non-profit structure of OAB and share some of the staff employed by the ONP with support from the Miami Dade Community College system and private foundations. The umbrella organization would define community concerns and action priorities, promote community-based development and investment initiatives, and facilitate access of community ventures to external financial and technical assistance.

  A variety of actors within the Overtown Community should participate in development of facilities and community services, including the CDC's, churches and other social/cultural institutions, property owners, and existing and future business entrepreneurs. As indicated in Figure 2.1A, these initiatives should focus on affordable housing, construction manpower and community service enterprises, and other jobs/skills and small business development. Key leaders of these community groups should serve in the coalition leadership board, as well as the Board of Directors of ONRC.

- **ONRC/Private Business and Civic Sector.** It is here recommended that key leaders from the private business and civic sector should have the largest representation among the three partnership sectors in the Board of Directors and officers of the ONRC. The ONRC should have a small but very professional administrative staff with a highly qualified Executive Vice President. Supplementary expertise for the corporation's staff could be provided from such existing non-profit development assistance entities as GMN, Inc., HSF, Inc. and Tools for Change.

  The ONRC Board and staff would focus on three closely related missions: (1.) overall action programs planning and priority-setting for Triangular Partnership initiatives, especially as related to external private investment, lending and charitable contributions; (2.) public-private packaging of financial support and technical assistance for neighborhood self-help development organizations and projects; and (3.) actions as a civicly-motivated catalytic investor, joint-venture partner, and/or fiduciary agent for major projects providing mutual benefits to all partnership sectors.

As enumerated in Figure 2.1A, these ONRC mission capabilities would be applied to: affordable housing delivery system design and related organization of private lending consortia; economic development and social/community services projects assistance; public/community benefit trusts management; and co-development services in certain projects, including front-end feasibility studies; catalytic land assembly, and identification of capable lenders, investors, and/or developers. The ONRC should be pre-qualified by the Overtown CRA as a "sole source" co-developer and limited partner in certain projects involving extraordinary front-end initiatives for the benefit of the general public and Overtown community interests. The proposed Miami Health Technologies Science Center and Small Business and Technology Development Center are appropriate examples.

This proposal envisions that the ONRC's start-up operating budget and staff would include matching cash and in-kind contributions from the corporate community, Dade County, and the City. The organization should operate in an entrepreneurial, business-like fashion which will shortly allow it to become financially self-sufficient, based on compensation for its development services. Further details of the ONRC operating plan and the overall Triangular Partnership proposal are found in the previous references.

2.2 TARGET AREA ACTION STRATEGIES & PHASING PLAN

Private Reinvestment Program Components

This section provides an overview of redevelopment implementation action programs and strategies which are incorporated in various elements of the Overtown Community Redevelopment Plan. Private reinvestment program components and purposes are identified, along with the tools of public action to stimulate or support private initiatives. The application of public and private actions to the treatment of sub-area revitalization needs and opportunities are also defined, followed by a proposed framework for action programs phasing. A summary of phased public and private investment objectives concludes this overview.

The overall private marketing and investment objectives of the Overtown CRP are grouped into three redevelopment program components. Each of these involves corrections of current facilities deficiencies, delivery of affordable space of better quality to accommodate needs of current area residents and businesses, and re-orientation of target area assets toward new growth markets, intensification of site uses, and increased jobs and tax base. These redevelopment program components and their general marketing intentions are defined as follows:

- **Residential Revitalization.** These programs focus on existing neighborhoods and emphasize affordable housing opportunities for families in a range of household size and income brackets. Expanded homeownership patterns are emphasized. Individual neighborhood action strategies vary from primary orientation toward existing housing preservation and small-scale infill development to major neighborhood revitalization involving extensive housing rehabilitation, infill construction on larger vacant sites, and residential redevelopment of sites with severely deteriorated structures and non-conforming land uses. The overall residential revitalization strategies for Overtown North include major efforts for multifamily building rehabilitation and conversion, as well as expansion of livable neighborhood boundaries into obsolescent commercial and industrial areas.

  Residential densities and building types vary with regard to neighborhood locations, land values and future market prospects. However, strong emphasis on compatibility of intensity and design treatments of new and existing housing result in typically low to moderate densities as required to appeal to the broadest segments of the metropolitan housing market.

- **Commercial/Mixed-Use Revitalization.** This component involves rehabilitation/adaptive re-use of existing commercial building space, including in some cases the elimination of obsolescent or structurally deteriorated facilities in favor of more intensive construction in mixed-use sites and structures. The mixed-use redevelopment programs focus on sites of higher land value and accessibility on the primary streets crossing the residential community; mixed of uses in all sites are controlled as to intensity, building heights and functions which are compatible with the predominant residential orientation of the

Overtown CRP. Non-residential uses in mixed-use sites emphasize neighborhood- and community-serving retailing, entertainment, offices, and other institutions and services. In a few locations--those served by regional expressways, Metrorail transit, and arterial streets--the mixed-use programs are oriented to more specialized regional and core city economic growth markets, including prime office uses, hotel/conference facilities, an elderly life care center, and specialty retail/entertainment uses for employee and visitor markets. All non-residential space use programs emphasize expanded jobs and small business opportunities for the benefit of existing and future Overtown Community residents.

New housing construction is also an important ingredient of the commercial/mixed-use revitalization component. Multifamily building types with low-rise, mid-rise and high-rise design variations are emphasized; non-residential space is provided at ground level in many cases. The general market orientation of these units is toward singles and small households, with alternative project orientation toward the elderly and other age groups. These buildings include balanced rental and condominium ownership options affordable to varied income groups.

o **General Business/Industrial Revitalization.** This component involves economic development in consolidated target areas which are located on the perimeter of the Overtown CRP Target Area, offering expressway and/or arterial street access separated from residential areas. Facility improvements include retention and adaptive re-use of existing commercial and industrial building space, substandard buildings rehabilitation, corrective sub-division and retro-fitted site development, and intensified new construction in both vacant land and redevelopment sites.

Severely deteriorated structures and non-conforming residential uses are eliminated through selective redevelopment sites. The overall area available for these exclusively non-residential uses is reduced, but increased site use efficiency at moderate average densities supports a substantial expansion of total floor area and employment levels in retained/rehabilitated space and new buildings.

Business modernization and market re-orientation in these target areas allow a mixture of office, research and development, industrial and accessory uses to address current and future market opportunities. Several target areas in the northeastern sector of Overtown North are intended to provide business and industrial support services for the core city residential population and such regional economic centers as the Omni Mid-Town area or the Downtown Miami CBD. Another target area on the northwest perimeter of Overtown North is oriented toward regional economic base additions of bio-medical business and industries linked to the nearby Jackson Memorial medical complex. Again, all general business/industrial revitalization programs are oriented to the growth of Overtown Community jobs and small business opportunities.

Public Action Tools/Development Incentives

The proposed implementation strategy is based on a versatile arsenal of public action tools to correct blighting conditions and promote private reinvestment on the pat of existing property owners, homeowners and businesses, developers, investors and lending institutions. The tools and incentives represent varied levels of public intervention and cost, ranging from low cost regulatory enablement or enforcement actions to more forceful public investment and financial support of private development. The following is a brief outline of these tools and modes of public intervention:

- **Land Use Plan/Zoning Map Enablement.** The Overtown CRP calls for comprehensive updating and revisions of the Miami comprehensive land use plan and zoning district maps within the target area. These regulatory changes will discourage speculative land holdings and fragmented, unproductive land use patterns which are inconsistent with economic growth and fiscal priorities. At the same time, more diverse private investment initiatives will be enabled by the re-configuration and re-orientation of development rights toward current community needs and future market demands. The resultant land use and density patterns will also be more supportive of marketing efforts in the adjacent SEO/PW project.

  It is assumed that comprehensive plan map amendments and zoning district revisions will be considered and approved through concurrent public reviews, hearings, and adoption proceedings for the Overtown Community Redevelopment Plan. These three related regulatory policies must be fully conformed within the first year of redevelopment implementation.

- **Concentrated Code Enforcement.** The systematic inspection of both residential and non-residential properties in targeted areas, followed by enforcement of building, occupancy and health codes, is an essential tool to be emphasized in advance of more costly public interventions. The Overtown CRP calls for this tool to be used in a coordinated manner with property tax collections in delinquent properties, building rehabilitation assistance programs, and initiatives to encourage property conformance with future land use and redevelopment plan objectives. Where property owners will not comply with enforcement orders, public demolition and/or acquisition measures are recommended. Relocation assistance would be provided for tenants to mitigate the displacement impacts of compulsory actions.

- **Environment Enhancement.** Comprehensive "clean-up" companies, small-scale environmental improvements, and other image-building measures are called for in advance of major construction programs and financial investments. These will eliminate rampant signs of neglect and decay and create favorable perceptions of Overtown as an environment for property investment. These initiatives would include: clearing of debris and overgrown vegetation in vacant lots and public properties; minor street and sidewalk repairs; improved waste collection and public safety services; neighborhood identification with graphics and signage improvements; and volunteer programs to improve private property maintenance and appearance. Coordinated public-private "clean-up" and image-building campaigns should occur in cycles throughout the redevelopment period.

- **Planned Development/Design Incentives and Controls.** The City of Miami zoning ordinance provisions for increased development flexibility in planned development zoning overlay districts are used in Overtown CRP to provide creative and efficient site and building design incentives, including existing buildings conservation. At the same time, area-specific design criteria and design review procedures allow better quality control than could be achieved through zoning alone. These incentives/controls will be effectuated through the preparation of detailed Community Design Plans and Design Review Criteria in the early implementation phase.

- **Property Acquisition.** The Overtown CRP identifies priority sites for redevelopment initiatives in vacant land, sites with severely deteriorated or dilapidated structures, sites with non-conforming or obsolescent uses, and other marginal or unproductive economic uses. However, the plan calls for innovative variations of land assembly and redevelopment methods. Pre-determined public acquisition through Tier I intervention priority is focused on the most important and/or difficult redevelopment conditions. Other broad areas involving infill construction and rehabilitation of existing buildings are designated as Tier II areas for private land assemblage and reinvestment initiatives with back-up acquisition support from the Overtown CRA. These alternative methods will provide incentives for initiatives of existing property owners, businesses, and/or community-based ventures, resulting in lower front-end costs to government. At the same time, consistent standards of redeveloper designation and project implementation controls and incentives will be applied to Tier I and Tier II areas.

- **Relocation Assistance.** The plan calls for public relocation services and replacement facility benefits of a high standard for all households or businesses occupying designated redevelopment sites in Tier I or Tier II acquisition areas. Relocation options in the near vicinity are emphasized through coordination of the relocation program with affordable housing and economic development programs within the target area. Relocation and site demolition/clearance activities will be carefully phased in accordance with timetables for delivery of decent and affordable replacement facilities.

- **Property Disposition/Re-Use Incentives and Controls.** In this plan, the disposition of publicly acquired properties in both Tier I and Tier II land assembly areas is the most important means for implementing private and public facilities improvements in accordance with redevelopment plan objectives and qualitative design criteria. The property disposition process will be controlled by the CRA. It includes procedures for selecting qualified redevelopers, review and approval of project plans through progressive design submittals and reviews, and negotiation and execution of long-term development and property management agreements. The CRA's property disposition/re-use development agreements with private developers, investors, and lenders are the central mechanism for achieving economic, fiscal, and social benefits for the public in return for a varied range of regulatory concessions, cost-sharing arrangements, and project financing assistance from different governmental agencies and programs. The plan provides the opportunity for deferred land payment schedules and low-cost purchase price financing for projects which satisfy affordable housing, economic development, or other specific public benefit criteria.

o **Affordable Housing and Economic Development Assistance.** The Overtown CRP calls for private lending institutions, developers, and community-based organizations to satisfy most of the target area's needs for affordable housing, economic growth, and jobs/business opportunities for community benefit. These contributions will be encouraged through a broad range of programmatic governmental assistance, including low cost loans, loan guarantees, grants, etc. Where possible, impact fee waivers or concessions will be offered.

The plan calls for tax increment revenues to be generated within the Overtown CRP TIF District to cover substantial shares of total affordable housing and economic development assistance costs during the 14-year redevelopment period. Given competitive demands and complex restrictions inherent in most categorical government assistance programs, the TIF District revolving loan funds and loan guarantee programs will provide essential flexibility and continuity of private/public affordable housing and economic development initiatives in this target area.

o **Public Improvements Design and Construction.** Given the existing base of in-place public facilities and infrastructure, the Overtown CRP emphasizes relatively modest additional capital improvements located and scheduled in close parallel with private improvements and marketing efforts. Improved programs will emphasize traffic and pedestrian safety, limited circulation/right-of-way adjustments, and public environment beautification and security improvements in community facility sites, streets and parks. Detailed design and construction schedules of public improvements will be coordinated with private development projects through the area-specific Community Design Plans mentioned above.

o **Partnership Organizational Capacity-Building.** A final tool in the public implementation arsenal, perhaps the most influential one in terms of public benefits potential per dollar invested, is the encouragement and support for creation of effective private and quasi-public organizations to undertake special developmental missions within the Overtown Community. Many of the needs and potential forms for partnership capacity-building are illustrated in the Section 2.1 proposal for Triangular Partnership structure. Capacity-building must go beyond the usual emphasis on physical environment and economic improvements and address critical needs for delivery of such human and social services as health care, manpower/skills development, etc. Sound residential and business property management and aggressive marketing of Overtown's homeownership and business opportunities will be other essential functions of private and quasi-public organizations.

Sub-Area Renewal Treatment Strategies

The proposed Overtown CRP implementation approach involves the integration of private redevelopment program objectives and public action tools/incentives in a varied range of sub-area renewal treatment strategies. These sub-area renewal treatment strategies respond to the fundamental differences in existing human social and economic needs displayed in the Overtown North and Overtown/Culmer planning areas, as well as realistic variations in their capacities for absorption of new population and economic growth and the strength of efforts required to capture private market investment.

In general terms, the Overtown/Culmer area is favored with more stable demographic and property conditions, excellent access from rapid transit and expressway facilities, convenient location relative to jobs in the Civic Center/Jackson Memorial Medical Center and the Downtown Miami CBD, and a large inventory of vacant land sites. While it has numerous internal sub-area variations relative to existing land use and building conditions, Overtown/Culmer is in the most favorable position to achieve new housing and population growth and to provide economic support for commercial/mixed-use development oriented to local, core city and regional markets.

The Overtown North residential area is physically and functionally isolated, and it contains a more economically and socially disadvantaged population. There is extensive deterioration of existing housing stock (most of which is capable of rehabilitation), as well as conflicting residential and non-residential land uses; there is only a limited inventory of vacant land. At the same time, Overtown North's westerly and northeasterly perimeters contain the largest supply of existing land use and buildings devoted to industrial and general business uses. These overall characteristics point to the need for aggressive redevelopment strategies for both residential and commercial/mixed-use revitalization within central portions of Overtown North. After meeting replacement facility needs of displaced households and businesses, capacity to absorb additional population and housing growth will be limited. On the other hand, Overtown North offers the best opportunities for general business/industrial reinvestment strategies to serve regional, core city, and residential community needs.

The Overtown CRP implementation strategy calls for blanketing the entire target area with appropriate renewal action programs tailored to individual sub-area conditions. Despite differences of growth capacity and market orientation in Overtown/Culmer and Overtown North, there are sub-areas of each with common existing development conditions and similar needs for aggressive or less costly public interventions. As shown in Figure 2.2A, seven types of basic sub-area renewal treatment strategies are envisioned for application in fifteen discrete sub-areas. These include strategies common to several sub-areas, as well as singular strategic responses to unique sub-area issues and opportunities.

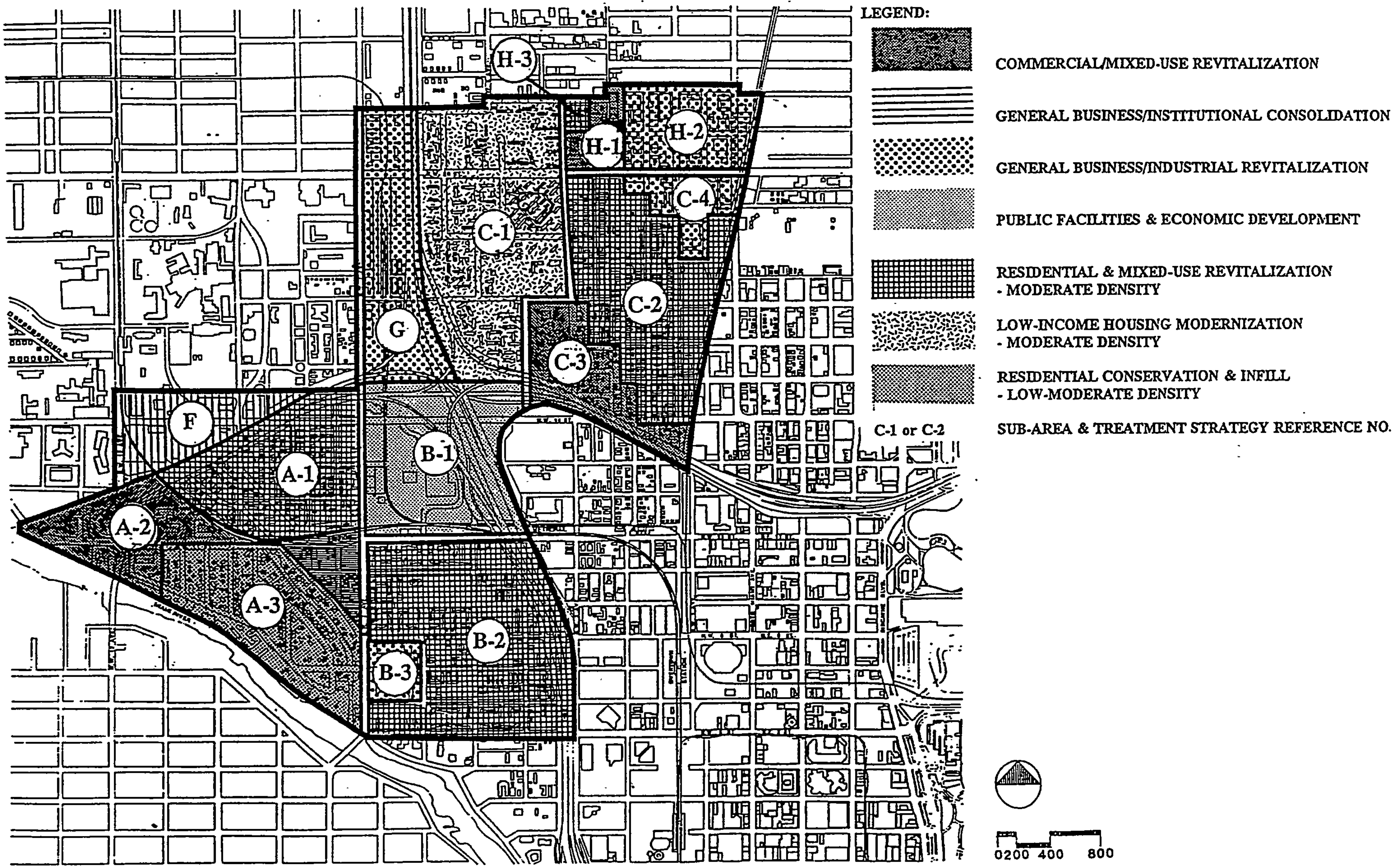


FIGURE 2.2 A: Proposed Sub-Area Renewal Treatment Strategies Reference Map

Action programs of variable strength and cost would be scheduled in parallel across most sub-areas simultaneously. Existing conditions of blight and depressed property values cannot be left unattended for long periods of time in any sub-area without losing private market appeal and investment potentials for the Overtown area as a whole, including the SEO/PW project area. Sub-area action programs must "kick-off" together and work toward short-term changes in perceived negative conditions, as well as providing the "spadework" for new and rehabilitated construction activity in orderly phases. These proposals follow the principles of "critical mass" implementation impact and complementary marketing initiatives discussed in the introduction to Section 2.1.

Brief descriptions of the proposed sub-area renewal strategies identified in Figure 2.2A follow.

- **Commercial/Mixed Use Revitalization.** (Sub-Areas A-2, C-3, and H-1) This strategy calls for aggressive public intervention to produce mixed-use development, with varied functional mixes and densities and different combinations of new construction and rehab. Sub-Area A-2 has exceptional transportation assets with which to orient intensive mixed-uses toward regional and core city market demands, while Sub-Areas C-3 and H-1 include intensive residential uses and commercial services for community-wide markets. However, all these sub-areas have common needs for the following public actions: planned development/design incentives; Tier I Property acquisition; relocation, demolition and site preparation assistance; land disposition controls and financing assistance; affordable housing and economic development assistance; public improvements; and private-public organization participation.

- **General Business/Institutional Consolidation.** (Sub-Area F) This is a unique sub-area treatment responding to excellent access and proximity of site assets to the Civic Center/Jackson Memorial complex. There is under-use of existing land, and design quality of certain existing structures does not match potentials for a key gateway to the entire redevelopment district. A relatively passive public intervention strategy is proposed, relying principally upon the following tools/incentives: special planned development/design controls and incentives; a Tier II private land assembly strategy; private development financing assistance for prime office/parking improvements, if needed; and minor traffic and street improvements, if needed.

- **General Business/Industrial Revitalization.** (Sub-Areas B-3, C-4, G, and H-2) These areas have concentrations of existing industrial and general business uses, with the following conditions: moderate levels of substandard building conditions; some non-conforming uses and vacant sites offering infill redevelopment potentials varying in scope from major (in Sub-Area G) to minor; and common needs for traffic separations from nearby residential areas. Sub-Areas G, C-4 and H-2 have excellent perimeter locations and convenient market linkages to regional economic centers which will support business growth, while Sub-Area B-3 is a small, fully-developed area surrounded by existing and planned residential uses.

In response to these conditions, the proposed sub-area renewal treatment strategy calls for a variety of privately organized and managed physical improvement and business modernization programs. The anticipated public tools/incentives include the following: concentrated code enforcement; planned development/design incentives for re-subdivision and retro-fitted site development standards; a Tier II private land assembly strategy with back-up public acquisition support (i.e., particularly in Sub-Area G, involving non-conforming residential and obsolescent railroad property); business and residential relocation, demolition and site preparation assistance; property disposition/re-use controls and financing assistance, varied in accordance with individual circumstances of private or public acquisition; varied packages of economic development financing assistance tailored to project-specific needs; traffic control and private street landscaping improvements; and public-private organizational support to effectuate business/industrial park management and marketing assistance. Early phase code enforcement activities should be accompanied by comprehensive surveys of business firms occupying these sub-areas, as well as firms in other sites to be redeveloped, in order to provide information for planning business relocation and small business development assistance programs.

- **<u>Public Facilities and Economic Development.</u>** (Sub-Area B-1) This is a singular strategy focused in a sub-area containing the Booker T. Washington Middle School and existing commercial and vacant sites uses; the site has regional transit service from the Culmer Station. The school is a new building, but site visibility and access are restricted by the expressway intersection, elevated transit structure and unrelated bordering uses. The general purposes of the sub-area treatment strategy are to enhance Booker T. Washington's access and environmental setting with compatible mixed uses, and develop a related Small Business and Technology Development Center.

  The public tools/incentives to be employed in this strategy include: planned development/design incentives and controls; public property acquisition through a Tier I method; property disposition/re-use controls and land purchase price financing assistance; economic development and affordable housing assistance; public improvements; and public-private organizational assistance with particular reference to capacities for developing and operating the Small Business and Technology Development Center.

- **<u>Residential and Mixed-Use Revitalization-Moderate Density.</u>** (Sub-Areas A-1, B-2, C-2 and H-3) The primary future use of the three sub-areas will be family-oriented housing, but each sub-area includes neighborhood frontages on primary community streets where mixed-use residential and commercial development is planned. In varying degrees and combinations, all three sub-areas have predominant residential uses, sub-standard housing and commercial structures, and vacant sites for potential infill development. Building deterioration and non-conforming uses are more widespread in Sub-Area C-2, requiring significant rehabilitative and redevelopment actions and easterly expansion of the neighborhood boundary. Sub-Areas A-1 and B-2 offer substantial vacant land resources and stronger market conditions for future housing growth and related commercial uses.

The common sub-area renewal treatment strategy features the following aggressive public action tools/incentives: concentrated code enforcement; preliminary environmental enhancement; planned development/design incentives and controls; tandem programs of Tier I public property acquisition and Tier II private land assembly with public acquisition back-up; relocation, demolition and site preparation assistance; property disposition/re-use controls and land financing incentives, varied according to circumstances of public or private site acquisition; affordable housing and economic development assistance; and varied packages of public improvements. It is assumed that the CRA will be able to identify community-based redevelopment teams with the necessary professional and financial qualifications to execute integrated rehabilitation and new construction programs in the sections designated for Tier II land assembly and redevelopment.

o **Low-Income Housing Modernization-Moderate Density.** (Sub-Area C-1) This is another singular sub-area renewal treatment strategy for an area of concentrated low-income housing. The area includes several conventional public-housing projects owned and operated by the Dade County Department of Housing and Urban Development (HUD) and several private projects with deep federal subsidies. the prevailing fabric of low-rise multifamily housing is supported by several public and private schools and parks, all of which resulted through the former R-10 federal urban renewal projects completed in the early '70's. Despite the recent origin, there are substantial signs of housing deterioration and social problems associated with the over-concentration of welfare-dependent population. The proposed sub-area renewal strategy is intended to augment the substantial public housing modernization program already launched by Dade County HUD with a recent federal grant program.

Relatively limited actions would be undertaken within the sub-area limits under the aegis of the Overtown CRA. These include: concentrated code enforcement; preliminary environmental enhancement in public facility sites and streets; affordable housing rehabilitation assistance for private projects; limited improvement to parks and school sites and local street/circulation changes to improve public environment security and amenity.

Overtown CRP action programs relating to affordable housing, jobs/skills development, and job opportunities should also focus on the economic and social needs of the dependent population in this sub-area, including the possibilities for alternative low-income homeownership and/or employment outside this sub-area. The CRA and Dade County HUD should generally work closely toward the objectives of freeing up public housing units for occupancy by very low income households displaced from redevelopment sites in other sections of the Overtown CRP Target Area.

o **Residential Conservation and Infill-Low-Moderate Density.** (Sub-Area A-3) this is another singular strategy applied to the relatively stable conditions of the Spring Garden neighborhood and bordering areas. The neighborhood core has predominantly single family housing with some signs of poor maintenance and vacant lots; frontage properties on the Miami River show trends toward attached/moderate density housing and also certain vacant lots. Bordering properties fronting on major streets to the north, northeast and east of the single family neighborhood include vacant, commercial, and mixed-use lots. The plan calls for exclusive, family-oriented residential uses and infill housing in the neighborhood core, with bordering mixed-use areas of moderate density multifamily housing and commercial.

Moderately aggressive public actions are called for in this strategy to encourage individual property owner housing improvement initiatives and to control quality and impacts on the neighborhood of new development on the edges. Public action tools and incentives to be employed include: concentrated code enforcement; preliminary environmental enhancement; planned development/design incentives and controls; Tier II private land assembly with public acquisition back-up in the mixed-use edges, and Tier I public acquisition of residential infill sites if property owners fail to respond; relocation, demolition and site preparation assistance in the mixed-use edges; property disposition/re-use controls and financing incentives, varied according to private or public acquisition circumstances; affordable housing and economic development assistance according to purposes and needs of individual private projects; and small-scale street and open space improvements, along with traffic control. At the CRA's discretion, the bordering mixed-use development areas may be grouped with adjacent commercial/mixed-use revitalization areas in Sub-Area A-2 for purposes of designating Tier II private redevelopment teams to carry out land assembly and integrated rehabilitation and infill construction. Such designated Tier II redevelopers may include existing property owners and other community-based groups.

Considerations Affecting the Recommended Implementation Period

As previously noted, a 14-year redevelopment period is recommended as the basis for planning action programs to accomplish the major goals and redevelopment objectives defined in the Overtown CRP. This period of time is based on objective consideration of several factors, including: levels of effort, investment costs, and institutional constraints for elimination of blighted environmental conditions and effectuation of new social and economic opportunities for current Overtown residents; the competitive position of the Overtown area with regard to metropolitan area and core city population and employment growth prospects and related land use and facilities market demands; potential rates of assessed property values appreciation and generation of incremental tax revenues within the proposed TIF District; and the practical lead times for preparatory redevelopment actions, actual construction, and marketing of built facilities.

From a market absorption perspective, the 14-year implementation period provides feasible rates of investment for realizing Overtown CRP resident population growth and additional facilities development objectives. The projected target area population growth from 4,099 to 5,727 households from 1995-2008 comes to an average of 116 households per year; this is associated with planned net additions to existing housing stock averaging 115 units per year. These absorption rates represent approximately 5.5% of potential city-wide increases and much smaller shares of population growth and housing market demands projected for Dade County in comparable periods.

The plan calls for substantial demolition and attrition of existing obsolescent commercial and industrial building space, along with new construction to serve more relevant market uses. The net additions of non-residential building space in the target area are targeted at approximately 817,500 square feet, representing an average of under 58,400 square feet per year. This is a very conservative market expectation in view of the location, size and projected population growth of the target area.

It is assumed that implementation activities could start as least by January 1, 1995, based on prior formal adoption at the local level of the Community Redevelopment Plan, as well as local and state approvals of proposed comprehensive land use plan amendments. If the formal public reviews, hearings and enactment of the overtown CRP and comprehensive plan amendments are completed in the early Fall of 1994 the two governing bodies will be able to establish a related TIF District and Trust Fund based on tax increment accumulation from January 1, 1995; all TIF District fiscal projections and financing proposals shown in later sections of this report are based on this start date assumption.

Early approval and timely implementation of the Overtown CRP will have significant, positive effects on the private financing and marketing of additional major projects in the SEO/PW redevelopment area. The completion date for the Overtown CRP by the end of 2008 has been generally conformed to the original target date for build-out of the SEO/PW area.

Proposed Overtown CRP Implementation Phasing

Public and private action programs have been designed around a 4-phase execution period, which is graphically depicted later on (See Figure 2.3A). The initial 5-year Phase I extends from January 1995 through December 1999, with sub-phases IA and IB of two and three years respectively. It is expected that most preparatory activities will be completed in Phase IA, with only modest outlays of public or private investment. Phase IB will see gradually accelerated public actions and investment in parallel with growing private initiatives.

The succeeding Phases I through IV have 3-year periods, from January 2000 through December 2008. Peak thresholds of public redevelopment and investment activities will be reached in 2000, with sustained levels of support throughout Phases II and III, terminating in 2005. Private sector revitalization programs will accelerate more gradually toward a peak level of activity in Phase III (2003-05), as determined by current Overtown population needs, external market demand growth, and financing constraints.

Phase IV (2006-2008) is treated as a phase-down period for public redevelopment activities. Private construction and marketing initiatives will continue for varied amounts of time according to differences in feasible market absorption rates within the three major categories of private revitalization activities.

While total build-out of recommended land uses and facilities redevelopment programs is expected by 2008, the CRA and TIF District Trust Fund will have continuing obligations beyond that point. The on-going activities include: financial administration of tax increment funds through debt service and amortization of the final TIF District bond issues, projected here as the year 2025; management of revolving funds based on private development assistance loans issued from TIF District funds; monitoring the performance of long-term redevelopment agreements; continuing enforcement of redevelopment plan controls; and, potentially, supplementary redevelopment initiatives that may be required by aging and obsolescence of public and private facilities. As shown in later fiscal analyses, the proposed TIF District will have ample reserve capacity to finance additional cycles of redevelopment activity in the 2009-2025 period. By law, TIF District tax increments must be returned to general government purposes within 30 years of the first positive increment.

Summary of Projected Public and Private Investment

Detailed analyses of public and private investment costs to implement proposed plans and programs have been prepared. Individual elements of these cost estimates, including analysis of potential funding sources, are found in Sections 3.0 and 4.0 of the Overtown CRP-Part II Report and its Appendix. The brief summary of this data presented in the following Table 2.2A provides an understanding of the public investment leveraging efficiency that can be achieved in this community redevelopment program. It is also a useful illustration of variations in phased public and private investment requirements.

The overall Overtown CRP financial strategy, explained in detail in Section 3.0 of this report, employs TIF District tax increment revenues and redevelopment bond issues as the primary source for public cash support of redevelopment costs. As shown in Table 2.2A, TIF District funds amounting to almost $40 million account for over 59% of total cash investment requirements and 50.5% of total public cash and in-kind contributions. The non-TIF public contributions include a wide range of programmatic sources of cash assistance for affordable housing, economic development, and capital improvements from federal, state, general and special purpose Metro Dade County governments, and the City of Miami. Additionally, the plan calls for in-kind contributions of vacant/underused land (currently tax-exempt) owned by governmental agencies, as well as reasonable levels of in-kind support from City and Dade County agencies.

This diversified pattern of public support will both reduce the burden on the TIF District while it is still gathering strength and provide equitable distribution of costs and fiscal benefits among many levels of government.

As shown in Table 2.2A, the total public support of almost $79.1 million will leverage short- and long-term private investment commitments of over $308.8 million, representing a public-private leveraging ration of 1:3.91. Considering the public cash investment alone (almost $67.5 million), there is a dollar-dollar leveraging ratio of 1:4.58. By national standards, these are extremely efficient leveraging ratios for a large revitalization program in a heavily blighted community. This unusual public investment efficiency is attributable, in part, to the existing base of in-place public infrastructure and facilities and comparatively low costs for assemblage and preparation of redevelopment sites. And, in part, the efficient performance is attributable to unique planning concepts of the Overtown CRP, which emphasize the following: maximum preservation/rehabilitation of existing structures; typically low- and moderate-density new development projects which can be readily absorbed and financed in the private market; and reliance on public-private partnership techniques of land assemblage and development cost- and risk-sharing.

It is important to note that the long-term private investment in the target area will substantially exceed the $308.8 million which has been estimated here. The estimated total includes only the private land purchases from the CRA and building facilities development costs; additional private investment will be made for redeveloper purchases of land and existing buildings from private owners, as well as operating capital for existing and future commercial and industrial firms.

It is also useful to note that there is some overlap int he public and private investment figures. Public cash investment totals include sizable amounts of low-cost loans which will be recoverable (with interest) from private investors over varying periods of time. The majority of TIF District funds will be expended and recovered through land purchase price financing and loans for affordable housing and economic development assistance. This will generate revolving fund resources which will provide long-term discretionary strengths for the CRA and TIF District Trust Fund.

In terms of planning, Table 2.2A shows that the heaviest outlays of public investment will occur in Phases I, II and III. The average yearly cash outlay from public sources in the first three phases will be approximately $5.7 million, falling to just over $1.7 million in Phase IV.

The inherent marketing and financing constraints of the three major categories of private development activity will result in major differences in completion rates. It has been assumed that the residential revitalization program, emphasizing family-oriented low- and moderate-density neighborhoods with extensive rehabilitation and infill site opportunities, can be completed by the end of Phase III. The commercial/mixed-use revitalization program, the largest investment component of over $167.2 million, is associated with moderate-, medium- and high-density projects and greater lead times for site preparation. This investment component is therefore expected to peak in Phase III and be completed before the end of Phase IV; residential population growth and increasing purchasing power will be important factors in the pace of investment for higher density residential and commercial facilities.

The general business/industrial revitalization program involves both the lowest level of land and facilities investment and the longest completion period, terminating in 2008. This reflects the high degree of existing and future business re-orientation toward contemporary core city and regional market potentials.

TABLE 2.2A: SUMMARY OF PROJECTED PUBLIC & PRIVATE INVESTMENT BY PHASES (All figures in 1993 $)

PUBLIC & PRIVATE INVESTMENT COMPONENTS	TOTAL ALL PHASES	PHASE I 1995-99 5 YEARS	PHASE II 2000-02 3 YEARS	PHASE III 2003-05 3 YEARS	PHASE IV 2006-08 3 YEARS
PUBLIC INVESTMENT - TIF DISTRICT & OTHER SOURCES					
o TIF District Revenues & Bond Proceeds-Loans & Grants	$39,927,214	$11,879,758	$12,770,623	$12,419,428	$2,857,405
o Other Governmental Programs Cash-Loans & Grants	27,538,620	6,848,940	9,665,445	8,640,935	2,383,306
SUB-TOTAL-CASH LOANS & GRANTS:	$67,465,834	$18,728,698	$22,436,068	$21,060,363	$5,240,711
o Public Property In-kind Contributions	9,279,910	NA	NA	NA	NA
o In-kind Staff Support, City & Dade County Agencies	2,321,740	NA	NA	NA	NA
TOTAL PUBLIC INVESTMENT:	$79,067,484	$18,728,698	$22,436,068	$21,060,363	$5,240,711
PRIVATE EQUITY & LOAN INVESTMENT-LAND & FACILITIES ONLY					
o Residential Revitalization Program	$113,653,870	$40,540,980	$38,625,715	$34,487,175	$ 0
o Commercial/Mixed-Use Revitalization Program	167,232,953	14,831,305	22,041,839	69,165,584	61,194,225
o General Business/Industrial Revitalization Program	27,948,842	0	11,150,622	13,514,793	3,283,427
TOTAL PRIVATE INVESTMENT:	$308,835,665	$55,372,285	$71,818,176	$117,167,552	$64,477,652

SOURCE: The Authors

FOOTNOTES:

(1.) TIF District support of $39.9 million is based on favorable bond marketing conditions described in Section 3.3. The total public investment of $79.1 million is a "worst-case" outlay as discussed in Section 3.1

(2.) It is assumed that vacant/under-used publicly owned properties will be made available for public and private re-uses on an in-kind basis.

(3.) For additional details of projected public cash and in-kind support for Overtown CRP redevelopment programs, see Section 3.1 of this report plus Overtown CRP-Part II Appendix.

(4.) Private investment projections include land purchases from the CRA for redevelopment sites plus development costs for rehabilitated and new facilities. These figures exclude property purchases from private owners, as well as excluding the additional operating capital investments that will be made by commercial and industrial tenants of improved facilities.

(5.) Private dollars represent total short- and long-term commitments, including repayment of loans from TIF District funds and other sources which are included in the public cash support figures.

2.3 FIVE-YEAR IMPLEMENTATION PROGRAMS & SCHEDULES

Principles/Criteria for Phase I Implementation Strategy

The overall conceptual framework for scheduling specific action programs within the Overtown CRP Target Area is presented in the accompanying chart (See Figure 2.3A). The initial 5-year period, Phase I, is characterized by preparatory activities of limited cost and orderly sequencing and coordination of major investment program start-ups. The full range of "big-ticket" private or public actions do not come into being until Year 6, or Phase III. The implementation principles and criteria which have governed the proposed activities in Phase I include the following:

- **(1) Implementation capacity-building.** Priority is given in the first two years, Phase IA, to the creation of effective legal, financial, and organizational/administrative capacities for implementation of development within the Overtown CRA and other governmental agencies, community-based groups, and the Greater Miami business and financial community. the central concerns of these efforts are both to enable effective leadership and management within the CRA and to broaden the base for relevant contributions from other "Triangular Partnership" participants. Clearly, this implementation strategy unleashes opportunities for creative development rather than enforcing dependence on governmental action.

- **(2) Low-cost/high-impact environmental and property actions.** The Phase IA preparatory actions will also emphasize concentrated code enforcement programs and coordinated campaigns for environmental "clean-up", image-building and maintenance actions within the public environment and private properties. Both of these programs would focus systematically on all areas designated for residential revitalization and certain other selected areas destined for business and industrial revitalization which have sub-standard structures or obsolescent/vacant families. The central concerns of these efforts are two-fold: one, to stimulate individual improvements within substandard private properties; and, two, to generate positive market perceptions and investment confidence in the Overtown area. Early private property initiatives stimulated by these programs will include better maintenance, repair and rehabilitation of structures, reduced facility vacancy rates, initiatives of retail merchants and other small businesses. These efforts should be supported by small-scale public improvements plus affordable building rehabilitation financing and small business development assistance. While major transformations of substandard development will not occur from these preliminary actions the general property market will be revitalized and appreciation of assessed property values will receive significant impetus. If there are added costs of redevelopment site acquisition these will be more than offset by early increases of tax increment revenues in the TIF District.

- **(3) Preparatory construction/marketing priorities.** Proposed Phase I construction to be sponsored by the CRA will emphasize the priority of serving pent-up, unsatisfied community needs for affordable housing choices, improved shopping facilities, and safe/attractive streets and public places. Some affordable housing options for moderate and middle income residents will be made available in Phase I offerings, but the major production emphasis will be placed on units that will be most readily affordable and marketable to existing residents of lower income. These include financing assistance to access vacant units in relatively sound condition, major housing rehab efforts, and low- and moderate-density infill construction in vacant sites.

Emphasis is also placed on early renovation/expansion of the Overtown Shopping Center facilities (with integrated improvement of the Dade County Culmer Center), recognizing that there is pent-up purchasing power within the community that will support a competently invested and operated private center. The basic marketing premise of these priorities is that new residential and business markets will be most easily attracted to Overtown after the visible evidence of blight and socio-economic distress has been alleviated. A key concern of all proposed Phase I construction activities is to drastically reduce the sense of urban blight and prepare all sub-areas for vigorous pursuit of residential and economic growth throughout Phases II through IV.

- **(4) Parallel economic/human resources development initiatives.** Facilities development start-ups must be accompanied by early efforts to identify and act on the economic and social needs of target area residents, workers, and small businesses. The Phase IA "Triangular Partnership" capacity-building will be a critical pre-condition for addressing the issues of unemployment, education and skills training, welfare dependency, health care and other human services. Although facilities development lead times limit the prospects for internal businesses and jobs creation in Phase I, economic opportunity programs for current residents can and should focus on existing employers within and outside the Overtown CRP target area. Improved job skills, employment and wage levels will be a critical ingredient for successful delivery of affordable housing choices and for competitive community businesses in later redevelopment phases.

- **(5) Containment of front-end redevelopment impacts.** The Phase I implementation approach departs sharply from the traditional urban renewal concept of heavy front-end public intervention in terms of land acquisition, demolition of structures, displacement of households and businesses, and major infrastructure investment. The avoidance of these impacts is the primary reason for stretching out Phase I preparatory actions over five years. Given the extra time, a variety of tactics for methodical sequencing of actions and containment of front-end financial and human impacts have been incorporated into Phase I programs. The previously mentioned affordable housing initiatives (See Item #3 above) will allow advanced preparation of replacement housing options prior to relocation and demolition activities; similar principles are built into the phasing of commercial and industrial space rehabilitation and new construction. Three to five years are allowed for preparatory surveys of relocation needs and advanced preparation of replacement facilities. Most of the demolition and relocation impacts will occur in the Overtown North areas, and the majority of redevelopment sites requiring such actions are deferred to Phase II.

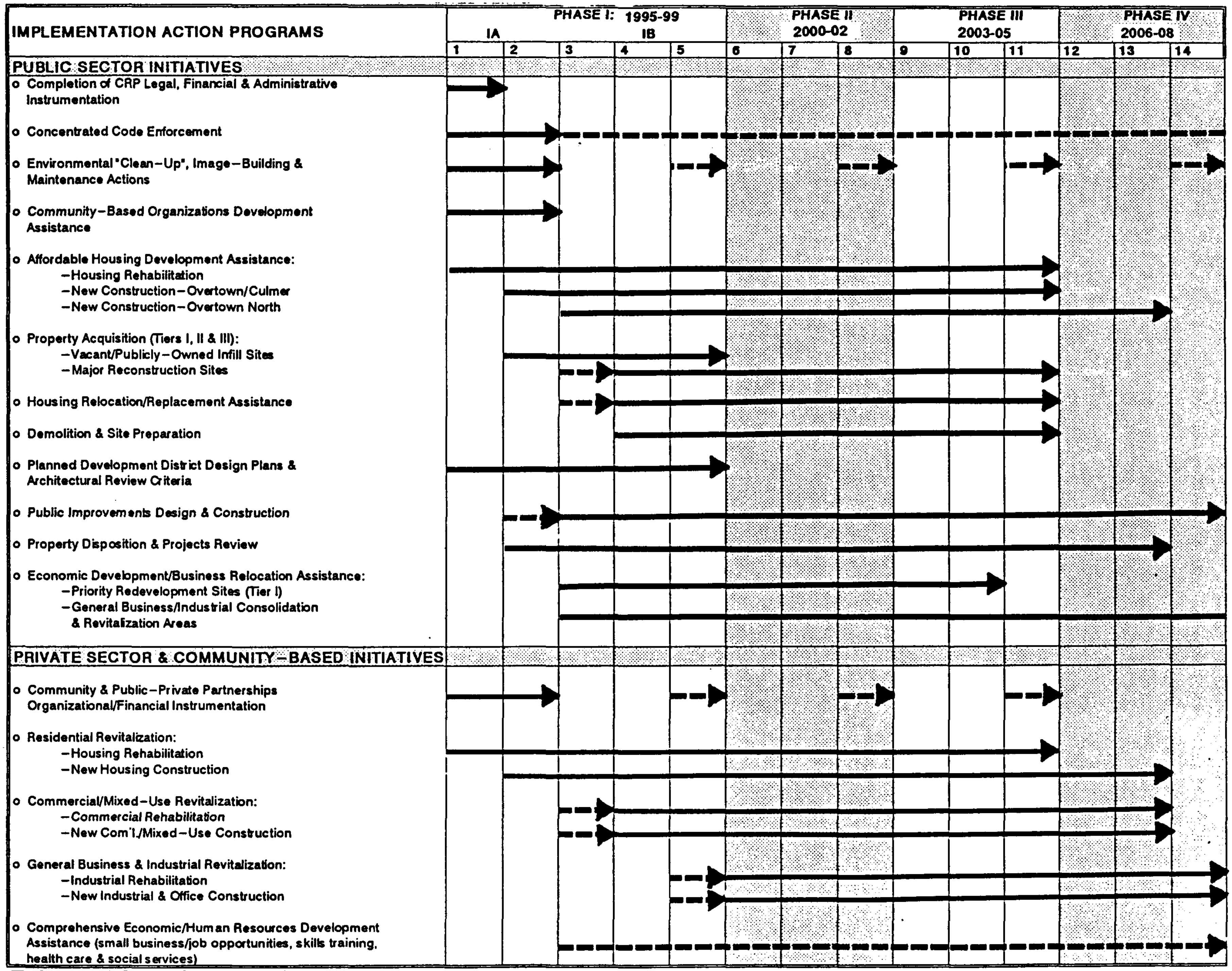


FIGURE 2.3 A: Overtown CRP Action Program Scheduling Objectives

The earliest new construction, starting in Year 2, will focus land assembly and private reinvestment on vacant land sites, especially publicly-owned sites which can be acquired with the least cost and currently pay no taxes. Phase I and later redevelopment sequencing generally prioritizes vacant/underused property development to minimize front-end acquisition cost and displacement impacts and generate rapid tax base growth. The fiscal benefits of this principle will be most strongly realized in Overtown/Culmer because of its relative marketing strengths and larger inventory of vacant/underused sites. Where redevelopment sites involve complex front-end acquisition, relocation and demolition, construction start times are reduced through overlapped schedules for redeveloper designation, project design and financing, and redevelopment agreement negotiations; the maximum time allowed for pre-construction project initiatives is two years.

o **(6) Complementary/Multi-facetted action programming.** The initial 5-year implementation scheduling follows the strategic principles of "critical mass" development impact and complementary marketing introduced in Section 2.1 above. The preparatory action programs initiated in Phase IA (see Figure 2.3A) have been targeted in parallel on a number of Overtown/Culmer and Overtown North sub-areas in order to pave the way for heavier public and private sector actions such as land assembly, relocation, site preparation and redevelopment in the same sub-areas. All public actions will be targeted and sequenced in accordance with realistic marketing and private financing schedules for residential, commercial/mixed-use, and general business/industrial revitalization projects.

Construction of public capital improvements is programmed to occur concurrently with private construction initiatives in all sub-areas. The tendency of redevelopment authorities to improve streets, open space, and facilities in advance of private investment commitments has generally proven to be ineffectual and costly. In this strategy, such improvements are viewed as supporting incentives to facilitate the marketing of private facilities.

The general thrust of proposed Phase I action programming is to increase occupancy rates in existing facilities, produce marketable facilities, and achieve property tax base gains from the earliest possible date in numerous locations. The residential and commercial/mixed-use revitalization programs will achieve sustainable thresholds of construction within Phase I, with a synergistic mix of market offerings in rehabilitated and new buildings. The general business/industrial revitalization program will see limited construction activity in the latter part of Phase I, following earlier public acquisition, business relocation assistance, and organization of public-private economic development assistance programs.

Applications of implementation principles #1 through #6 to the Phase I action program identified in Figure 2.3A are offered in the remaining pages of this section. The discussion includes observations and recommendations concerning public and private financial support which will be required during the infancy of the Overtown CRP TIF District.

Legal, Financial and Administrative Instrumentation

A number of measures within and beyond governmental control will be required in Years #1 and #2 to move from formal adoption of the community Redevelopment Plan to instrument legal, financial and administrative tools and resources for aggressive implementation of the CRP. It is assumed that formal CRP adoption by the Dade County Board of County commissioners and the Miami City commission will be accompanied by approval of an Inter-Local Agreement covering the composition of the Overtown CRA Board, its delegated authority and decision-making, sources of budget and administrative staff support, and powers reserved to each elective body. The consultant team's substantive recommendations on these points are covered fully in Section 2.1 above.

Another first year measure will be the establishment by resolution of the elective bodies of a related Tax Increment Financing District and Trust Fund and provisions for periodic contributions of incremental tax revenues into the Trust Fund. The F.S. Chapter 163-Part III regulations exempt certain special purpose governments (e.g., Dade County School Board or Metro Dade Transportation Agency) and other funds from incremental tax revenue support of redevelopment/TIF districts, leaving the General Funds of Dade County and the City of Miami as non-exempt sources of Trust Fund support. As shown in later sections, 100% of the incremental revenues generated by redevelopment and attributable to City and County General Fund shares in the target area tax base will be needed for the Trust Fund until all redevelopment bond issuing and debt service requirements have been met. However, the TIF District is expected to generate revenue surpluses which could be returned to general governmental purposes during later phases of bond amortization; the exempt special governments and funds will realize sizable increments at earlier dates.

As proposed in Section 2.1, the CRA Core Staff and operating expenses will receive primary budget support from TIF District funds, but there will be significant needs for supplementary in-kind staff support based on regular operating budgets of the City and Dade County. Therefore, the CRA will have an early responsibility for submission of start-up operating and investment budgets for approval of the governing bodies.

Another critical priority for Year #1 will be the establishment of a unified legal and administrative framework for regulation and positive encouragement of development in the Overtown CRP Target Area. This will involve formal enactment by the Miami City Commission of comprehensive zoning district changes conformed to the redevelopment plan objectives and controls, as well as establishment of efficient development review and permitting procedures based on coordinated roles of the CRA and the City of Miami Department of Planning, Zoning, and Building. Substantive recommendations for Comprehensive Land Use Plan Map amendments and zoning district changes conformed to the Overtown CRP, as well as for incentives-based regulatory review and project approval procedures, are full described in the Overtown CRP-Part II Report, Sections 3.1 and 3.2.

The fastest and most effective initiation of implementation activities will be achieved through local public review and adoption procedures for the Overtown CRP which allows concurrent review of comprehensive plan and zoning map changes. Since the State of florida Department of Community Affairs (DCA) must review and concur with local governing body enactments of CRP's prepared under F.S. Chapter 163-Part III and comprehensive plan amendments, it is strongly recommended that local review and public hearing schedules provide for concurrent adoptions of the CRP and Land Use Plan Map Amendments; proposed zoning district changes should be available as supporting evidence in these hearings, but formal enactment of these could occur after the DCA approvals of the other local policy documents.

While zoning district maps often reflect a short-term view of land use changes, it is very important in this case that revised zoning districts be fully congruent with the future land use concepts in the comprehensive plan and with the Overtown CRP's strategies and tools for pro-active changes in all sub-areas. The re-distributing and related "streamlining" of the development permitting procedures should be operable well before the end of Year #1. Consultant team proposals for early construction project sites are consistent with current zoning district rights, thus enabling fast "bricks and mortar" actions.

Early attention must also be given to public-private partnership organizational development and mobilization of investment capacities beyond those available to Dade County and the City of Miami. As recommended in prior proposals for a "Triangular Partnerships" approach (see Section 2.1), equal priority is attached to the creation of self-reliant, community-based leadership and development organizations and to the enlistment of the private corporate community's "critical mass" involvement in Overtown redevelopment programs. The action program schedule illustrated in Figure 2.3A is intended to suggest that a full range of capable community-based development organizations and a central "Triangular Partnership" coordinating entity (e.g., the "Overtown Neighborhood Restoration Corporation") would be fully mobilized by the end of Year #2, including appropriate legal status, leadership boards, staffs and start-up budgets. As previously suggested, start-up operating budgets and in-kind staff support for non-profit entities would be based on matching resources from the corporate community, charitable foundations, and governmental sources.

The partnership organizational infrastructure will provide a logical basis for early establishment of public and private capital financing program agreements for the Overtown CRP TIF District. As explained later on in Section 3,0, the TIF District will very likely need short-term/tax-exempt loans from local financial institutions during the first three years, pending sufficient tax increments revenue growth to justify issuance of redevelopment bonds for the national market. As implied in the early schedules for affordable housing and economic development assistance shown in Figure 2.3A, matching programmatic support from inter-governmental sources and the Greater Miami business and financial community will be needed in order to launch these programs on reliable schedules. Detailed recommendations for sustaining commitments of affordable housing resources are discussed in Section 3.10 of the Overtown CRP-Part II Report, while related partnership support for the economic development agenda is covered in section 3.11 of that report.

On-Going Program Planning, Design and Engineering Activities

While the Overtown CRP preparation involved extremely broad and detailed studies, the resultant redevelopment policy guidelines are purposely flexible, leaving the CRA with wide latitude for discretionary implementation management in the light of practical circumstances that will evolve in different phases and sub-areas. In order to take the best advantage of this flexibility and produce the most effective and beneficial development, the CRA must provide continuing strong support for relevant professional activities in advance of construction schedules, particularly in the first five years.

Particular professional activities called out for attention in Figure 2.3A include: Community Design Plans (CDP's) and Design Review Criteria (DRC's) within planned development zoning overlay districts; public improvements design and engineering; and client surveys and planning for delivery of residential and business relocation assistance. The public property acquisition and disposition programs of the CRA are additional areas where independent professional expertise for property surveys and appraisals will be required throughout the redevelopment period.

The planned development zoning overlay district concept, which is fully described in Section 3.2 of the Overtown CRP-Part II Report, will be the most important vehicle for providing flexible zoning administration and coordinating public and private design and construction under are-specific community design and architectural guidelines. The Overtown CRP calls for blanketing the target area with either Planned Development-Housing or Planned Development-Mixed Use Districts. Each of these districts will be reviewed and approved by the Miami City Commission on a one-time-only basis, supported by the CRA's submittal of a detailed CDP and related DRC guidelines prepared by qualified community design teams. As provided for in the zoning ordinance and the Overtown CRP, PD-Housing and PD-Mixed Use Districts will include sub-area and site-specific redevelopment objectives, pre-defined areas of zoning flexibility, and sub-area and site-specific design controls and incentives. Public environment design plans for streets, parks, pedestrian plazas, public building sites and cooperative development sites will establish a common reference system for controls, incentives and design review processes pertaining to individual construction sites. Following the approval of the CRP's and DRC's in each district, the CRA and the City of Miami Department of Planning, Zoning and Building will be empowered to conduct efficient administrative review and permitting of individual projects without involving other review bodies except where project plans are inconsistent with approved PD District controls.

The CDP preparation process should be closely coordinated with public improvements design and engineering studies, relocation impact surveys and replacement facility programs, and other issues relating to the distribution and timing of affordable housing and economic development work loads. A key intention of this process is to allocate redevelopment rights and other financing incentives on the basis of private project contributions to public and community benefits. Specific phasing priorities and sequences of public and private construction in each PD District will additionally increase the value of these detailed design plans as development management tools.

As shown in Figure 2.3A, a period of up to five years is allowed for completion of CDP's preparation and Miami City Commission approval. The work should be undertaken in sequential priority of areas involving the greatest amount of change and lead times for relocation activities. This total effort should be compressed to two or three years if the CRA has resources to do so.

Significant Public Investment/Improvement Projects

Following the widespread preparatory action programs of concentrated code enforcement and environmental clean-up/maintenance initiatives in Phase IA, carefully measured and targeted public investment programs will be mounted during the first five years. The overall emphasis of public improvement programs requiring Overtown TIF District financial support will be given to maximum leveraging of private reinvestment and growth of incremental tax revenues in advance of heavy public outlays. The preliminary investment phasing for the first five years calls for outlays of $650,250 or 16.2% of the approximate total of $4.01 million of capital improvements allocated to the TIF District over all phases. Approximately 72% of these funds would be expended in Overtown North and the remainder in Overtown/Culmer. The most significant project will include right-of-way changes and street improvements along NW 1st Place, providing for minor arterial connections to SEO/PW to the south and Wynwood to the north. Related local circulation and traffic adjustments at the southern and northern gateways into Overtown North will eliminate conflicts of residential and industrial traffic flows and enhance the visibility and marketability of redevelopment sites in this currently isolated market area.

However, the majority of Phase I TIF District capital improvement funds have been programmed for widely dispersed, small-scale projects for public environment beautification and pedestrian safety/security measures. These projects will be scheduled concurrently with residential and commercial rehabilitation and new infill construction in primarily vacant sites.

The Phase I capital improvements program calls for several significant projects supported by non-TIF District sources. The plan calls for significant improvements within the Metro Dade Transportation Agency's properties within and near Culmer Station, especially to improve pedestrian access, security, and attractive linkages with the numerous redevelopment sites which surround this under-utilized station. Estimated costs for station are improvements in Phase I are just over $493,000; additional/nominal Transportation Agency support for bus shelters and route adjustments across the target area are proposed for later phases. The Transportation Agency is exempted from incremental tax revenues contributions to the TIF District Trust Fund, but it stands to gain sizable tax revenue benefits and substantially increased transit ridership as a result of Phase I and later redevelopment.

Additional capital improvements support for the Overtown CRP Target Area in Phase I involves on-going drainage improvements already identified in the City of Miami's long-range C.I.P. These include Phase 2 of the Pump Station Renovation project as NW 16th Street and NW 5th Avenue and Phase 4 of the Wagner Creek Dredging project. It is assumed that long term costs for completing these projects will be on the order of $5.75 million, with approximately $3.75

million occupancy in the next five years. The Miami C.I.P. suggests that these projects could be supported by state and regional authorities (e.g., SFWM District) as well as the City's utility trust funds and G.O. bonds.

Several significant community facility construction projects are expected to be built in Phase I on a City-owned site at NW 5th Avenue and NW 11 Street. These include the YWCA facility and a new, state-supported Community Health Care Center. These will add significant strengths to new housing market initiatives in the target area and the SEO/PW project, i.e., without TIF District expenditures.

The Phase I public investment strategy includes strong encouragements for private rehabilitation of substandard residential units and commercial space and new residential infill in vacant/under-used sties. the encouragements will come from small-scale public improvements, CRA designation of redevelopers for Tier II private land assembly and redevelopment strategies, and allocations of affordable housing and economic development projects assistance. Public outlays for property acquisition, affordable housing and economic development assistance will mainly consist of recoverable loans at interest.

Estimated total public outlays for affordable housing assistance in Phase I are almost $3.45 million, with TIF District funds carrying 50% of these costs in the worst case scenario and the remainder allocated to existing federal, state, county and city programs. Estimated total economic development assistance in Phase I is approximately $2.86 million, with TIF District funds carrying almost 15.3% and other inter-governmental sources supporting the remainder.

Affordable housing assistance in Phase I will carry unusual front-end burdens for meeting lower income household needs, ranging from 5% to 40% of total project development costs depending on variations of rehab and new unit costs, owner/rental occupancy, and incomes. The early economic development assistance will generally achieve higher private investment leveraging.

The public outlays for property acquisition in Phase I will be substantially heavier. Projected cash acquisitions for this period in the worst case scenario are just under $5.7 million, representing approximately 41% of total cash acquisitions during Phases I-III. Most of this investment, as well as the value of publicly owned land to be contributed for redevelopment on an in-kind basis, will be recovered through interest bearing loans for private land purchases from the CRA.

Most of the public land assemblage in the first three years will focus on publicly-owned and other vacant/under-used sites. Acquisition, relocation and demolition in redevelopment sites of higher cost and impact in the final part of Phase I will support the NW 1st Place and related access improvements and otherwise pave the way for aggressive private redevelopment in Phase II and beyond. Preparatory actions in this period for consolidation and long term business/industrial revitalization include acquisition, relocation and site preparation of obsolescent/conflicting land uses, especially the under-used railroad property in Sub-Area G of Overtown North.

Projected Five-Year Private Investment Milestones

As indicated in the Figure 2.3A action programs scheduling, private development programs will be sequentially launched for residential revitalization, commercial/mixed-use revitalization (including residential units), and general business/industrial revitalization. The residential revitalization will start with rehabilitated units in Year #1 and new construction in vacant sites in Year #2.

The Phase IA residential programs will focus on vacant sites and family-oriented neighborhoods in Sub-Areas A and B of Overtown/Culmer and Bus-Area C of Overtown North. Most of the early production in Overtown North will be in multifamily rehab-conversion projects, while Overtown/culmer production will emphasize a diverse range of new single family, attached/single family and multifamily units. Early new construction starts in Overtown/Culmer will feature a high-rise tower on a large, publicly owned site at Culmer Station, as well as moderate and medium density multifamily projects in that vicinity. The extensive vacant/under-used land resources will sustain major new housing construction in Overtown/Culmer throughout the balance of Phase I, while later public redevelopment initiatives will enable expanded new housing construction starts in Overtown North.

The residential revitalization programs are projected to generate a total of over $40.5 million in short- and long-term private investment commitments. This is expected to be the largest program in this period, representing over 73% all private investment expectations for Phase I. The majority of new and rehabilitated units will serve the pent-up, unsatisfied market demands of the existing target area population.

The commercial/mixed-use revitalization program will start in Year #3 with rehab and small-scale infill projects, gathering more investment momentum in Years #4 and #5. Some of the most significant early private developments will focus on City-owned land, resulting in early additions to the assessed property base. The Overtown Shopping Center renovation/expansion through aggressive private reinvestment and marketing initiatives will meet pent-up community shopping needs. This project will be supported by economic development assistance, joint site development with the Culmer Center, and previously mentioned local access and residential improvements.

Major mixed-use redevelopment is planned for the Miami Health Technologies Science Center on the under-used Municipal Justice Site. A significant first phase element has been programmed for completion in Year #5, consisting of a sizable Incubator Building and parking deck to support start-up of new health care businesses and industries.

Prime redevelopment sites along NW 7th Avenue, near Culmer Station, will emphasize new low- and mid-rise housing and supporting commercial uses during Phase I. Rehabilitation of existing sub-standard commercial space will also receive support in Phase I, in both Overtown North and Overtown/Culmer; rehab activity in this period is expected to be over 12% of rehab investments in all phases. Expansion of target area residential population and purchasing power throughout Phase I will reinforce the marketability of commercial uses in later phases.

Phase I private investment commitments for commercial/mixed-use projects are expected to total over $14.8 million. This represents only 8.9% of the 14-year investment expectation for these programs; the peak investment level of over $69.1 million is expected in Phase III, or 2003-05.

As shown in Figure 2.3A, significant private initiatives for general business and industrial revitalization in consolidated target areas are programmed to start in Year #5, emphasizing sub-area planning and corrective subdivision, rehab and new construction planning and pre-construction financing. Since these construction projects would not be occupied in Phase I, no investment projections are shown for this phase. However, the slow start-up of building investments will be offset by earlier promotion and marketing of existing vacant space in relatively sound structural condition. Significant encouragement for increased occupancy levels will be provided through non-residential relocation assistance programs. Commercial and industrial firm occupying sites targeted for demolition will be provided replacement facility occupancy subsidies throughout Years #3 through #5; small business development assistance and conventional private financing would naturally accompany the relocation programs.

The total private investment commitments for land purchases from the CRA and facilities improvements in Phase I are projected at the level of almost $55.4 million. Total public cash/support from all sources in the same period is estimated at just over $18.7 million in the worst case scenario. This represents a very favorable public-private leveraging ration of 1:34 in the front-end development period.

TIF District Financing Capacity In Phase I

During the first five years assessed property values within the Overtown TIF District will experience growth impetus from several forces, including the following: significant conversions of publicly-owned properties from tax exempt to taxable status; private rehab and reinvestment in existing substandard structures; new construction resulting in intensification of taxable property improvements; and natural appreciation of values in existing land and buildings due to perceived and actual market demand forces.

Although the natural appreciation rate of taxable property values is likely to remain below the City-wide average during Phase I, it is logical to assume that the redevelopment program will rapidly produce an upward trend of existing property values in addition to increased inventories of taxable land and added construction values. There will also be temporary losses of taxable property values in public acquisition and demolition sites, but these have been carefully minimized in Phase I.

As shown in later detailed analyses (see Section 4.0), incremental annual tax revenues attributable to the non-exempt general fund accounts of the City of Miami and Dade County are projected to grow to at least $1.245 million by 1999, the end year for Phase I. By 2008, incremental tax revenues available for TIF District financing will increase to over $9.19 million. Assuming that long-term TIF District redevelopment bonds bearing a 6.5% rate of interest are issued under standard national bond market requirements, the incremental revenues would allow cumulative debt coverage capacity of over $22.2 million by 2000 and over $93.3 million in 2008. These debt capacity levels are greater than the most conservative projection of total public redevelopment costs.

However, it will not be possible to issue redevelopment bonds in the national securities market until there is an historical record of assessed property values and annual revenue growth, including more evidence of private real estate market response to redevelopment project offerings. Under the proposed action program schedule conditions, it should be possible to generate an adequate historical record within three years from the inception of implementation operations; if action schedules are delayed, a 5-year period for pre-bonding operations may be required.

Proposed TIF District financing operations are based on maintaining the recommended levels and schedules of implementation action throughout Phase I. This would allow the issuance of TIF District redevelopment bonds in mid-year 1998, ranging in amount from over $10.6 million to over $12.1 million in the alternative financing strategies. (For analysis of alternative bond issuing strategies, see Section 3.3 below.) the mid-1998 bond issues would include reimbursements of short-term loans and provide sufficient additional funds for completion of Phase I projects at the end of 1999.

The Overtown TIF District's financing capacity in the pre-bonding phase will include direct expenditures of annual incremental tax revenues contributed to the Trust Fund and short-term borrowings at tax-exempt interest rates from local financial institutions. Among several possible methods of short-term borrowing the CRA might use, collateralized Bond Anticipation Notes (BANS) from a consortium of local lenders appears to be the most reliable assumption at this time.

It is estimated that the principal amount of BANS to be issued in the pre-bonding period could range from over $3.7 million to under $4.6 million, depending on interest rates and quality of collateral offered by the City of Miami and Dade County. Projections show that cumulative tax increment revenue generated within the TIF District will reach the level of $862,000 in 1997, these revenues could be used for short-term debt service, or spent directly to reduce the amount of borrowing.

Given the front-end financing constraints within the TIF District, it will be necessary to follow a broad inter-governmental cost-sharing strategy throughout Phase I. As previously mentioned, total cash outlays in this phase for redevelopment actions will be over $18.7 million in a worst case public funding scenario. The TIF District share in this amount could be in the range of $10.4 to almost $11.9 million, or 57.4-63.4% of total funding, depending on more or less favorable redevelopment debt financing conditions.

In all projected financing scenarios, the TIF District funding would cover full public costs of property acquisition for cash, relocation assistance, demolition and site preparation. The public costs for in-kind property contributions, public capital improvements, affordable housing and economic development assistance, and administration, planning, and concentrated code enforcement would be subject to inter-governmental cost-sharing in all TIF District financing assumptions. The non-TIF cash funding shares, ranging from over $6.8 to $7.7 million in Phase I, can be spread across a number of federal, state, regional and local government programs.

It must be concluded that the front-end levels of funding required from the TIF District and other sources are sustainable, especially in the light of the ultimate economic and fiscal impacts of the Overtown CRP described in Sections 4.0 and 5.0 of this report.

3.0 OVERTOWN CRP FINANCING STRATEGY

3.0 OVERTOWN CRP FINANCING STRATEGY

Conceptual strategies and policy recommendations for financing public action programs in the Overtown CRP Target Area are presented in this section. This presentation focuses on a long-term public investmnet outlook for the target area during and beyond the proposed 14-year redevelopment period. The material presented here involves three main elements: (1.) a summary of projected public investment costs (i.e., needs) and an examination of the desirable and most effective roles of the Overtown CRP TAx Increment Financing (TIF) District in supporting those needs; (2.) analysis and recommendations for complementary investmnet roles of various governments and programs beyond funding capacities of the TIF District; and (3.) evaluations of optimal approaches and schedules for TIF District redevelopment bond financing.

The materials presented here rely upon the reader's understanding of financial projectsions and recommendations in previous sections of this report. Sections 2.1 and 2.2 offer important pricniples and estimates of cooperative public and private investments, demonstrating the favorable prospects for a 1:4.6 multiplier ratio for public-private cash investment in the target area. Section 2.3 offers in-depth analysis of private development prospects and financing priorities for the first five years of the TIF District's operation.

The later sections of this report (Sections 4.0 and 5.0) offer additional evidence of the fiscal and economic impacts of redevelopment initiatives which support the financial planning recommendations presented here.

3.1 PUBLIC INVESTMENT NEEDS/TIF DISTRICT FUNDING ROLES

Redevelopment Program Cost Estimates

The Overtown CRP-Part II Report contains detailed estimates of redevelopment costs attributable to governmental sources, as well as analyses of needs and opportunities for cost-sharing between the TIF District tax increment revenue base and other sources of public support. Funding needs and cost-sharing analyses are built into seven different elements of the Overtown CRP document. (See Sub-Sections 3.4, 3.5, 3.6, 3.7, 3.10, 3.11 and 4.1 of the Part II document and related sections of the Appendix.) These analyses take full account of the strong public infrastructure and facilities assets already in place within the target area; the extensive vacant and publicly owned land resources that can be economically acquired and re-used more productively; and the large stock of existing housing and non-residential building space that can be retained or rehabilitated at limited costs. The cost analyses demonstrate that traditional public responsibilities for elimination of physical and economic blight through land acquisition and clearance and corrective public improvements will be extremely low within this target area by comparison with previous local and national redevelopment projects of this scope.

On the other hand, public costs/needs projections for this plan reflect the critical importance of equitable treatment of the social and economic impacts of redevelopment on current residents and businesses within the Overtown Community, as well as a realistic view of efforts that will be required to generate private market interest and investmnet in the sites and facilities offered by the plan. Generous standards of benefits and replacement facilities have been incorporated in the relocation assistance plan. High standards of private projects design and development costs have been asssumed, while liberal estimates of public financing assistance for private development have been incorporated in the land acquisition and disposition plans as well as the affordable housing and economic development programs.

Finally, the cost projections include realistic provisions for redevelopment staff and administrative expenses, on-going professional planning/technical services, and redevelopment plan and local codes enforcement thorughout the 14-year redevelopment period. The Overtown CRP calls for a stronger threshold of budget and staff support for critical implementation management functions than has been available in the past to the SEO/PW redevelopment program. This will enable more rapid and efficient completion of public actions programs, as well as stronger private market and investment responses to the Overtown area from which both redevelopment districts will benefit.

Along with a conservative perspective of the likely total public and private costs for redevelopment, the Overtown CRP implementation strategy incorporates an unconventional, business-like approach to the cost- and risk-sharing roles of government, the private sector, and community-based organizations, property owners, and existing businesses. Through differentiated Tier I and Tier II property acquisition/redevelopment areas and strategies, substantial responsibilities for land assembly and project initiation will be transferred to private redevelopment teams to be identified by the Overtown CRA--i.e., in designated Tier II areas. Other public-private investment innovations provide for high recoverability of public dollars invested in property acquisition and in public loans and loan guarantees for affordalbe housing and economic development projects. As compared with traditional redevelopment subsidy concepts, permanent investment sunk into expenditures for social purposes will be very limited.

Based on these conservative estimating and cooperative investment approaches, the consultant team has concluded that the proposed Overtown CRP redevelopment action programs can be implemented with total public resources in the range of $76.9 to $79.1 million expressed in terms of 1993 base year costs. These figures include total cash investment need from diverse governmental sources in the range of $65.3 to $67.5 million, plus other in-kind contributions of land and staff support in the $11.6 to $11.63 million range.

Obviously, the base year costs of land, relocation and site preparation, and public and private construction will be subject to cost inflation and other changing budget parameters during hte total build-out period. While public investment costs are likely to increase, the same inflationary forces will contribute toward increased private investment levels and property values, resulting in off-setting gains in future incremental tax revenues and TIF District financing capacity. Assuming average annual rates of inflation at 3% per year, the eventual public cash investment

TABLE 3.1A: PHASED PUBLIC INVESTMENT COST-SHARING SCENARIO A (All figures in 1993 $)

PUBLIC INVESTMENT & IMPLEMENTATION ACTIVITY COMPONENTS	TOTAL ALL PHASES	CASH INVESTMENT BY PHASES:			
		PHASE I	PHASE II	PHASE III	PHASE IV
		1995-99 5 YRS	2000-02 3 YRS	2003-05 3 YRS	2006-08 3 YRS
I. TIF DISTRICT INVESTMENT (All Cash)					
Property Acquisition-Scenario A	$13,823,314	$5,690,988	$4,592,598	$3,539,728	-
Relocation Benefits & Contract Services	3,812,000	939,980	1,531,820	1,340,200	-
Demolition & Site Preparation	1,834,830	428,600	741,050	665,180	-
Public Improvement Projects	4,010,200	650,250	1,534,980	1,288,230	$536,740
Affordable Housing Dvlpt. Assistance-Scenario A	6,734,200	1,723,030	1,771,175	2,433,465	806,530
Economic Dvlpt. Assistance	3,534,330	436,820	1,231,410	1,509,045	357,055
Administration, Planning & Concentrated Code Enforcement-Scenario A	6,178,340	2,010,090	1,367,590	1,643,580	1,157,080
SUB-TOTALS - TIF DISTRICT SUPPORT:	$39,927,214	$11,879,758	$12,770,623	$12,419,428	$2,857,405
II. INTER-GOVERNMENTAL CASH INVESTMENT					
Public Improvement Projects	$5,004,300	$2,243,100	$2,611,200	$150,000	-
Affordable Housing Dvlpt. Assistance-Scenario A	4,574,200	1,723,030	1,711,175	811,155	$268,846
Economic Development Assistance	17,132,200	2,423,250	4,914,710	7,679,780	2,114,460
Administration, Planning & Concentrated Code Enforcement-Scenario A	827,920	459,560	368,360	-	-
SUB-TOTALS - NON-TIF CASH SUPPORT:	$27,538,620	$6,848,940	$9,665,445	$8,640,935	$2,383,306
III. INTER-GOVERNMENTAL IN-KIND CONTRIBUTIONS					
Property Acquisition-Scenario A	$9,279,910	T.B.D.	T.B.D.	T.B.D.	-
Administration, Planning & Concentrated Code Enforcement-Scenario A	2,321,740	T.B.D.	T.B.D.	T.B.D.	T.B.D.
SUB-TOTAL - NON-TIF IN-KIND SUPPORT:	$11,601,650	T.B.D.	T.B.D.	T.B.D.	T.B.D.
GRAND TOTALS-CASH & IN-KIND INVESTMENT:	$79,067,484	$18,728,698	$22,436,068	$21,060,363	$5,240,711

SOURCE: The Authors
FOOTNOTES FOR TABLE 3.1A:
1. Detailed analyses of costs and phasing of implementation components are found in Overtown CRP Part II Appendix tables as follows: Property acquisition scenarios-Table A 3.5(D); Relocation benefits & services-Table A 3.6(A); Demolition & site preparation-Table A 3.5(E); Public improvement projects-Table A 3.4(A); Affordable housing assistance scenario-Table A 3.10(E); Economic development assistance-Table A 3.11(D); Administration planning, & concentrated code enforcement scenarios-Tables A 4.1(A) and A 4.1(B).

2. Property Acquisition Scenario A assumes TIF funds support 100% of cash acquisitions in Tier I priority redevelopment sites in all phases, plus 20-75% of Phases I-III cash acquisition needs in Tier II private land assembly areas. Publicly-owned properties in Tiers I and II redevelopment areas would be contributed on an in-kind basis by owner agencies, including the City of Miami, Dade County, Dade County School Board, et al.

3. Affordable Housing Development Assistance Scenario A assumes TIF funds will carry 60% of total assistance cost, including 40% of all rehab project needs and 70% of all new construction needs. Other categorical housing assistance programs (federal, state, & local) would meet 40% of total needs, including 60% of rehab projects and 30% of needs for new construction units. The TIF share will be lighter in phases I-II, heavier in III-IV.

4. Administration, Planning & Concentrated Code Enforcement Scenario A assumes most critical implementation services cash support would come from Overtown CRP TIF funds, varying from 75-100% in Phases I through IV; some of the needed CRA Core Staff cash support could be shared with SEO/PW or other redevelopment projects. Supplementary in-kind staff services would be supported by City of Miami and Dade County agencies within normal operating budgets.

5. The Economic Development Assistance total of $17,132,200 shown for Non-TIF cash support is assumed to be derived from federal and/or state small business assistance programs plus tax-exempt Industrial Revenue Bonds issuing authority allocated by federal and state agencies. The Public Improvement Projects amount of $5,004,300 shown for Non-TIF funding includes previously identified City of Miami CIP projects based on varied state and regional agencies support; for further details see Table A 3.4(A).

need for full build-out will be on the order of $81 million in future dollar terms, while the total private investment may increase from approximately $308.8 million in 1993 dollars to $371 million in future dollars.

Public Cost-Sharing Scenarios for the TIF District

Summaries of the high and low end public investment cost projections for Overtown CRP implementation are shown in the accompanying Tables 3.1A and 3.1B. The totals are broken down in terms of seven major implementation activity components, as well as in terms of preliminary cost-sharing allocations to the TIF District's incremental tax revenue funding base and numerous other governmental sources.

The alternative TIF District and inter-governmental cost-sharing scenarios depicted in the tables are based on a common projection of the rates of tax increment revenue growth within the TIF District and the non-exempt share of those incremental revenues that would be available to meet redevelopment funding requirements; details of this projection are found in Section 4.2 below.

TABLE 3.1B: PHASED PUBLIC INVESTMENT COST-SHARING SCENARIO B (All figures in 1993 $)

PUBLIC INVESTMENT & IMPLEMENTATION ACTIVITY COMPONENTS	TOTAL ALL PHASES	CASH INVESTMENT BY PHASES:			
		PHASE I	PHASE II	PHASE III	PHASE IV
		1995-99 5 YRS	2000-02 3 YRS	2003-05 3 YRS	2006-08 3 YRS
I. TIF DISTRICT INVESTMENT (All Cash)					
Property Acquisition-Scenario B	$11,667,904	$5,100,728	$3,027,448	$3,539,728	-
Relocation Benefits & Contract Services	3,812,000	939,980	1,531,820	1,340,200	-
Demolition & Site Preparation	1,834,830	428,600	741,050	665,180	-
Public Improvement Projects	4,010,200	650,250	1,534,980	1,288,230	$536,740
Affordable Housing Dvlpt. Assistance-Scenario B	5,872,685	861,515	1,771,175	2,433,465	806,530
Economic Dvlpt. Assistance	3,534,330	436,820	1,231,410	1,509,045	357,055
Administration, Planning & Concentrated Code Enforcement-Scenario B	5,523,000	2,010,090	1,367,590	1,262,590	882,730
SUB-TOTALS - TIF DISTRICT SUPPORT:	$36,254,949	$10,427,983	$11,205,473	$12,038,438	$2,583,055
II. INTER-GOVERNMENTAL CASH INVESTMENT					
Public Improvement Projects	$5,004,300	$2,243,100	$2,611,200	$150,000	-
Affordable Housing Dvlpt. Assistance-Scenario B	5,435,715	2,584,545	1,711,175	811,155	$268,840
Economic Dvlpt. Assistance	17,132,200	2,423,250	4,914,710	7,679,780	2,114,460
Administration, Planning & Concentrated Code Enforcement-Scenario B	1,458,000	459,560	368,360	368,360	261,720
SUB-TOTALS - NON-TIF CASH SUPPORT:	$29,030,215	$7,710,455	$9,665,445	$8,640,935	$2,645,020
III. INTER-GOVERNMENTAL IN-KIND CONTRIBUTIONS					
Property Acquisition-Scenario B	$9,279,910	T.B.D.	T.B.D.	T.B.D.	-
Administration, Planning & Concentrated Code Enforcement-Scenario B	2,347,000	T.B.D.	T.B.D.	T.B.D.	T.B.D.
SUB-TOTAL - NON-TIF IN-KIND SUPPORT:	$11,626,910	T.B.D.	T.B.D.	T.B.D.	T.B.D.
GRAND TOTALS-CASH & IN-KIND INVESTMENT:	$76,912,074	$18,138,438	$20,870,918	$21,047,733	$5,228,075

SOURCE: The Authors
FOOTNOTES FOR TABLE 3.1B:
1. Detailed analyses of costs and phasing of implementation components are found in Part II Appendix tables as follows: Property acquisition scenarios-Table A 3.5(D); Relocation benefits & services-Table A 3.6(A); Demolition & site preparation-Table A 3.5(E); Public improvement projects-Table A 3.4(A); Affordable housing assistance scenarios-Table A 3.10(E); Economic development assistance-Table A 3.11(D); Administration planning, & concentrated code enforcement scenarios-Tables A 4.1(A) and A 4.1(B).

2. Property Acquisition Scenario B assumes TIF funds support 100% of cash acquisitions in Tier I priority redevelopment sites in all phase, plus 0-75% of Phases I-III cash acquisition needs in Tier II private land assembly areas. Private acquisitions would meet the balance of 100-25% of phased needs in Tier II sites. Publicly-owned properties in Tiers I and II redevelopment areas would be contributed on an in-kind basis by owner agencies, including the City of Miami, Dade County, Dade County School Board, et al.

3. Affordable Housing Development Assistance Scenario B assumes TIF funds will carry 52% of total assistance needs, including 30% of all rehab project needs and 63.5% of all new construction needs. Other categorical housing assistance programs (federal, state, & local) would meet 48% of total needs, including 70% of rehab projects and 36.5% of new construction needs. The TIF share will be lighter in phases I-II, heavier in III-IV.

4. Administration, Planning & Concentrated Code Enforcement Scenario B assumes reduced TIF cash support for critical implementation services in the Overtown CRP/TIF District, based on 25% of needed CRA Core Staff cash support shared by the SEO/PW and other redevelopment projects plus 25% of Concentrated Code Enforcement to be provided by City of Miami along with other in-kind staff supported by the City and Dade County within normal operating budgets.

5. The Economic Development Assistance total of $17,132,200 shown for Non-TIF funding is assumed to be derived from federal and/or state small business assistance programs plus tax-exempt Industrial Revenue Bonds issuing authority allocated by federal and state agencies. The Public Improvement Projects amount of $5,004,300 shown for Non-TIF funding includes previously identified City of Miami CIP projects based on varied state and regional agencies support; for details see Table A 3.4(A).

This projection shows the potential for over $1.7 million of annual revenue increment for capital funding purposes after five years, i.e., the end of Phase I and beginning of Phase II implementation activity. The annual increment is expected to accelerate in geometric progression to $9.19 in the final year of redevelopment implementation, i.e., more than 5.3 times the amount available at the end of Phase I.

There are several important financing implications of the anticipated incremental revenue growth curve. First, there will be significant limitations on the TIF District's capital funding capacity throughout the first eight years (Phases I and II), when the front-end public investment costs will be the heaviest. Second, the TIF District could have surplus financing capacity in the final implementation phase, depending on the scope and terms of redevelopment bond debt service contracted in the earlier phases. The alternative financing scenarios are intended to illustrate the significant effect of redevelopment bond issuance and marketing conditions on the actual amounts of funding capacity that will be available from the TIF District in earlier and later implementation phases.

Scenario A is predicated upon the issuance of redevelopment bonds backed by pledges of TIF District incremental revenues plus a secondary form of collateral provided by the two governmental sponsors, Dade County and the City of Miami. This is the standard level of security expected in the national bond market. It will enable the bonds to gain the highest market rating, the best available long-term interest rate, reduced annual debt service charges, and increased availability of incremental revenues for capital expenditures. As shown in Table 3.1A, the Scenario A financing assumptions yield a potential for over $39.9 million of TIF District cash investment through all phases and the highest total governmental level at almost $79.1 million. In this scenario, the TIF District cash investment covers 50.5% of total cash and in-kind contributions from all levels of government.

Scenario B is based on the assumption that redevelopment bonds will be collateralized only by pledges of TIF District incremental revenues without any back-up financing guarantee from the sponsoring local governments. The bonds will be more poorly rated in the national bond market and high interest rates will be required for successful bond sales. The result will be higher debt service charges, and, as shown in Table 3.1B, TIF District cash availability for redevelopment activity will be reduced to under $36.3 million. Scenario B relies upon private land assembly to pick up almost $3.7 million of the TIF District cash investment provided in Scenario A, and it transfers responsibility for over $1.5 million of cash and in-kind support to non-TIF governmental sources. The "bottom-line" is that Scenario B offers reduced public investment over all phases of approximately $76.9 million, with the TIF District carrying only 47.1% of the investment burden.

Comparing the two scenarios in terms of phased public investment, the penalties of Scenario B are most strongly felt in Phases I and II, when forceful public initiatives are most needed. In these eight years, Scenario A enables TIF District cash investment of almost $24.7 million, or more than $3.0 million beyond the $21.6 million provided in Scenario B. The TIF District in Scenario A carries almost 59.9% of the total public cash investment of $41.2 million needed in Phases I and II, while Scenario B allows the TIF District to provide only 55.5% of the reduced total of $39.0 million from all public cash sources.

While Scenario A also provides stronger cash investment support from the TIF District and other sources in Phases III and IV, the differences between the two funding patterns are much smaller.

Scenarios A and B both rely upon diverse non-TIF cash investment sources to reduce long-term debt service and compensate for TIF District financing constraints in the early phases--i.e., as shown in the following comparative figures:

AVG. NON-TIF CASH PER YEAR:

	Scenario A	Scenario B
Phase I	$1.37 Million	$1.54 Million
Phase II	3.22 "	3.22 "
Phase III	2.88 "	3.00 "
Phase IV	0.79 "	0.88 "
All Phases	1.97 "	2.07 "

Scenario A clearly offers advantages of TIF District operating strength and independence in Phases I through III, but both strategies require strong external cost-sharing support in the peak activity periods (Phases II and III). Demands upon external sources are nominal in Phase IV, a period when the TIF District could offer substantial incremental tax revenue pay-backs to all governmental jurisdictions under either scenario.

From this analysis it must be concluded that the most successful conditions for the Overtown CRP implementation can be obtained from a TIF District financing strategy along the lines of Scenario A; further details on the advantages of this approach are offered in Section 3.3 below. However, the Scenario B alternative should be retained as a "fall-back" financial planning strategy through the first several years of implementation, allowing for time for demonstration of assessed property values and tax increment growth, as well as objective consideration of available methods of collateralizing future redevelopment bond issues.

Proposed Action Program Funding Roles of the TIF District

The alternative financing scenarios illustrated in Tables 3.1A and 3.1B employ similar TIF District investment philosophies and action programs priorities for the allocation of available TIF District resources. Both alternatives offer equal levels of support for the following implemention components: Relocation Benefits and Contract Services; Demolition and Site Preparation; Public Improvement Projects; and Economic Development Assistance. The first two, relocation and site preparation, are classical redevelopment functions with few logical alternative funding sources; the full burden of these costs is placed on the TIF District. There are good alternative cost-sharing sources for public improvement and economic development assistance; TIF District funding concepts in these areas are intended to generate optimal matching investment levels from numerous other public sources and provide the most direct/visible incentives for private facilities investment within the TIF District.

The combined funding level for these four components is almost $13.2 million, representing from 33% to 36.4% of total TIF District capacity in Scenario A and B respectively.

The alternative scenarios commonly rely upon three key implementation components for variable levels of TIF District and non-TIF cash investment, i.e.: Property Acquisition; Affordable Housing Development Assistance; and Administration, Planning and Concentrated Code Enforcement. The cost-sharing assumptions within each of these key variables are explained in the footnotes for Tables 3.1A and 3.1B. In the case of property acquisitions for cash, cost-sharing with private redevelopment teams designated for Tier II acquisition and redevelopment areas compensates for the early phase funding limitations of Scenario B. Property acquisition is the largest components of required cash investment from public sources, representing 34.6% of the TIF District's total capacity in Scenario A and 33.2% of total capacity in Scenario B.

The affordable housing field offers the widest array of existing inter-governmental assistance programs to offset the TIF District limitations under each scenario. The TIF District spending in this case is designed to offset restrictive regulations in other categorical programs and achieve higher leveraging of private market activity than can be expected in other non-TIF programs. Affordable housing development assistance requirements from all sources are estimated at over $11.3 million, representing the third largest investment component after property acquisition and economic development assistance. The overall affordable housing program cost shares assigned to the TIF District are 60% in Scenario A and 52% in Scenario B; this function consumes from 16.9% to 16.2% of total TIF District capacity in Scenarios A and B respectively.

The area of administration, planning and concentrated code enforcement also presents significant opportunities for complementary support from in-kind staff and expense contributions from the City of Miami and Dade County within their normal operating budgets. The TIF District provides new cash support for critical professional services and operating expenses under unified control of the CRA to augment City and County resources. This support meets 66.2% and 59.2% of the total need for these implementation services in Scenarios A and B respectively; allocations to these functions in Scenarios A and B represent from 15.5% to 15.2% of total TIF District capacity.

These allocations of TIF District funds among implementation components must be regarded as a preliminary financial planning framework. They are subject to annual CRA budgeting decisions in the light of actual implementation circumstances.

Recoverable Investment Operations In The TIF District

In keeping with the business-like philosophy of community renewal which has driven many of the Overtown CRP implementation proposals, the remainder of this section focuses on issues concerning the recoverability of invested public capital. The Overtown CRP breaks with traditional subsidy or welfare approaches to urban renewal financing and emphasizes the achievement of solid economic and fiscal returns on investment along with other important social purposes.

The plan is also concerned with creating permanent financial reserves which will enable on-going improvement and maintenance of the Overtown CRP Target Area after the 14-year redevelopment program build-out.

Two important dimensions of public investment recoverability are incorporated in the proposed overall financing strategy: first, the commitment of funds to purposes and forms of financing which can be re-captured within finite periods of time and earn interest in successful private investment projects; and, second, the containment of fixed investment costs (i.e., subsidies and permanently sunk investment) at levels below the practical expectations for long-term tax revenue gains. In the context of this investment outlook, certain individually unprofitable operations--e.g., creating a park or affordable shelter for elderly persons--are viewed as contributions toward a stronger environment in which economic values can be created. However, all investment outlays must be objectively measured against the prospect for short- and/or long-term returns and the creation of independent reserves for funding future facilities and service improvements.

While all of the inter-governmental cost-sharing proposals in Tables 3.1A and 3.1B have been guided by recoverable investment concepts, the Overtown CRA and TIF District will provide the greatest degree of financial control and benefit to the tax payers of the City of Miami and Metropolitan Dade County.

Three TIF District funding operations are treated here as offering the best opportunity for direct/immediate leveraging of private investment and recovery of invested public monies with interest. These include: Property Acquisition; Affordable Housing Development Assistance; and Economic Development Assistance. The combined TIF District cash investment in these programs ranges from $24.1 million in Scenario A to $21.1 million in Scenario B, or 60.3% and 58.1% of total TIF District funding in these scenarios. In terms of the total inter-governmental cash and in-kind investment, these three programs account for 69.7% and 68.8% of the Scenarios A and B funding.

A conceptual/preliminary estimate of recoverable investment operations and potential returns has been prepared for those programs based on the overall TIF District financial framework illustrated in Scenario A. A summary of this analysis is shown in Table 3.1C. The "bottom line" prospects shown in the table indicate that original TIF District cash commitments of under $24.1 million may be able to generate over $42.1 million in re-captured revenues. This would provide full recovery of original cash investment plus revenues of almost $18.2 million in land sales and interest payments during a total period of forty-four years. Cost recovery could start in the second implementation year and reach a multi-year plateau of approximately $2.8 million per year in the final build-out year.

Each of the component programs involves a different set of private development assistance strategies and opportunities for economic return, which are specifically explained in the Overtown CRP-Part II Report. (See Sections 3.5, 3.7, 3.10 and 3.11 and related appendices of that report.) A brief review of the highlights of these concepts is offered here.

o **Property Acquisition/Sales.** This program involves integrated land disposition operations of the CRA based on cash acquisitions from private owners of over $13.8 million and other in-kind contributions of publicly owned sites valued at almost $9.3 million. The governmental owners will realize significant short- or long-term tax revenue increments and other fiscal benefits from the redevelopment. The plan therefore assumes that these vacant and/or under-used properties will be made available to the CRA on a cost-free basis; if there is any expectation of other compensation, cash participation could be offered on a long-term basis.

  The illustrated investment operation is based on important business principles as follows: (1.) that land for private redevelopment should be sold rather than leased in order to maximize taxable property values and simplify project financing and marketing opportunities; (2.) that CRA pricing should be based on full recovery of fair market value

TABLE 3.1C: RECOVERABLE INVESTMENT POTENTIALS IN OVERTOWN TIF DISTRICT-SCENARIO A (All figures in 1993 $)

RECOVERABLE INVESTMENT PROGRAMS & ACTIVITIES	INVESTMENT COSTS & RETURNS	POTENTIAL REVENUE RE-CAPTURE
PROPERTY ACQUISITION/SALES		
o Public Acquisitions @ FMV:		
-Cash acquisitions	$13,823,314	
-In-kind public contributions	9,279,910	
-Total FMV, redev. sites	$23,103,224	
o Deductions		
-Public re-use site values	- 984,244	
-TIF District surveys & appraisal fee expenses (3% of private re-use site values)	- 663,500	
o Net Private Purchase Prices	$21,454,500	
o Payments @ Closing (20% allowance for down payments & ineligible borrowers)	- 4,290,900	$4,290,900
o Purchase Price Loans (80% allowance, 15- Yr. Max. Period)	$17,163,600	
o Loan Interest (Avg. loan @ 4.5%, 10 Yrs.)	4,033,500	
o Loan Amortization Payments	$21,197,100	$21,197,000
TOTAL PROPERTY SALES & LOANS REVENUES:		**$25,488,000**

AFFORDABLE HOUSING REVOLVING FUND		
o Affordable Housing Dev. Assistance:		
-Rehab Units (@ 40% of all rehab assistance)	$1,159,320	
-New Units (@ 70% of all new constr. assistance)	5,174,880	
-Total AH Investment Cost	$6,734,200	
o Deduction for Deferred Pmt. Loans/Grants	- 561,700	
o Housing Loan Amounts	$6,172,500	
o Rehab Loan Interest (Avg. 4.5%, 15 Yrs.)	377,200	
o New Constr. Loan Interest (Avg. 9.5%, 30 Yrs.)	3,604,300	
o Loan Amortization Payments	$10,154,000	
TOTAL AH REVOLVING FUND REVENUES:		**$10,154,000**
ECONOMIC DEVELOPMENT REVOLVING FUND		
o Economic Development Assistance:		
-Com'l/Ind'l. Rehab Loans (100% of all facilities rehab)	$1,499,730	
o -Com'l/Ind'l New Constr. Loans (3 special projects)	2,034,600	
o Total E.D. Investment Cost-Loan Amounts	$3,534,330	
o Rehab Loan Interest (Avg. 6%, 15 Yrs.)	749,670	
o New Constr. Loan Interest (Avg. 6%, 30 Yrs.)	2,319,000	
o Loan Amortization payments	$6,603,000	
TOTAL ED REVOLVING FUND REVENUES:		**$6,603,000**
GRAND TOTAL - RE-CAPTURED REVENUES (Estimated Revenue Re-Capture Rate @ Yr. 2008-$2.8M/Yr.)		**$42,245,000**
SOURCE: The Authors		

(FMV), as against the traditional use of land write-downs as a market incentive; and (3.) that private projects which involve significant contributions to affordable housing, economic development, relocation and other key public/community benefits should be offered extended payment schedules and low-cost purchase price financing from the TIF District. As set forth in the Overtown CRP report, the extended payment and financing incentive would involve loans at 3%-6% interest for periods not to exceed 15 years, depending on the specific economic feasibility of eligible projects. These would be second mortgage loans subordinated to the private first mortgage, and they would be integrated with other affordable housing and economic development assistance resources to provide appropriate levels of private projects gap financing.

The illustrative analysis shown in Table 3.1C reflects a conservative estimate of costs and re-captured revenues. All costs of land to be re-used for public purposes, as well as acquisition and re-use property appraisals and survey fees, are borne by the TIF District. The scenario assumes a low percentage of private purchases (80%) who would be eligible for the financing incentive, and the average terms of borrowing (10 years at 4.5%) minimize the amount of interest that might be earned. On the other hand, the earlier land revenues and loan re-capture rates assumed in this conceptual analysis would provide better CRA options for recycling the funds. While the ultimate revenue re-capture potential of almost $25.5 million is subject to substantial variations in actual practice, the Property Acquisition/Sales program can be the TIF District's most lucrative operation. The indicated potential allows full recovery of cash investment plus a cumulative return of over 83%.

o **Affordable Housing Revolving Fund.** Under the assumed inter-governmental cost-sharing framework of Scenario A, the TIF District housing funds of over $6.7 million will meet approximately 59.5% of the total target area assistance needs of over $11.3 million. The TIF District support accounts for 40% of all rehab project public assistance needs and 70% of all new construction assistance needs. These TIF District roles work in tandem with the highly restrictive conditions of other categorical assistance programs, especially their primary focus on units serving the lowest economic groups and preferences for rehab vs. new construction finance. As set forth in the Overtown CRP-Part II Report, the TIF District funding will enable more balanced service to the needs of a mixed-income residential population; the more flexible user eligibility requirements and administrative rules for determining owner-renter tenure and pricing standards would enable greater leveraging ratios for private lending and equity commitments from homebuyers and rental project investor/developers.

The TIF District funding would generally support low-cost private mortgage financing melded with private first mortgage loans; all funds would be expended from and re-captured in an Affordable Housing Revolving Fund controlled by the TIF District. Additionally, the TIF District would provide a proportionate share of support for housing elderly persons on fixed incomes and other physically or economically disadvantaged groups, using deferred payment loans at zero interest and other forms of grants for this purpose.

As shown in Table 3.1C, the grant component is estimated as 8.3% of the total resources, with a balance of almost $6.2 million provided for recoverable loans and loan guarantees. This analysis assumes average loan terms of 15 years @ 4.5% for rehab and 30 years @ 4.5% for new construction project borrowers; however, the terms of this financing would allow the CRA wide discretion for project-specific negotiations of loan-to-value (LTV) ratios, repayment periods, and interest rates in the 3%-6% range--i.e., in accordance with private lender and developer risk-sharing requirements. As indicated in the analysis, the eventual revenue re-capture level of almost $10.2 million would allow full recovery of TIF District investment plus a cumulative 51% return on investment; this is a conservative projection. Loan amortization payments might be received in the third year of implementation and reach a continuing plateau of at least $370,000/year at the final build-out year.

o **Economic Development Revolving Fund.** The proposed TIF District support for economic development assistance (in both Scenarios A and B) is over $3.5 million, covering all of the projected needs for substandard commercial and industrial building space rehabilitation assistance as well as new construction gap financing for three special project. The special projects include the Overtown Shopping Center renovation and expansion, the proposed Small Business and Technology Development Center facility and various buildings in the proposed Bio-Medical Business and Industrial Park. The TIF Funds will be paired in each case with other forms of governmental assistance, including small business loans and loan guarantees, tax-exempt Industrial Revenue Bonds, and federal and state economic development grant programs. It is also assumed that private economic development assistance organizations will provide extensive management and technical assistance, venture capital financing, manpower/skills development, and marketing expertise to facilitate significant expansions of successful business and industrial firms and job opportunities in the target area.

All of the TIF District assistance will be in the form of second mortgage loans and/or first mortgage loan guarantees, these to be committed from and repayable to an Economic Development Revolving Fund controlled by the TIF District. No grant activity is anticipated from this fund, but the facilities financing would be closely coordinated with replacement facility grants to firms which are displaced from redevelopment sites.

As in the housing assistance program, LTV ratios, loan repayment periods, and interest rates offered from the Revolving Fund would be negotiable with private lenders and developers on a project-specific basis. The illustrative analysis in Table 3.1C is based on typical interest rates of 6%, with 15 years for repayment of rehab loans and 30 years for new construction loans. The economic development lending activity would commence later than other recoverable investment operations, with re-captured revenues reaching a sustained plateau of at least $290,000/year in the final build-out year. The estimated long-term revenue re-capture of $6.6 million represents full recovery of original investment plus a return of over 86%; this is a less conservative estimate than the other recoverable investment programs.

The redevelopment bond financing operations described later on in Section 3.3 do not rely on any of the re-captured revenues to meet first-cost redevelopment needs and priority projects described in the Overtown CRP. It is here strongly recommended that all revenue collections from property sales/financing and the two revolving fund operations be placed in interest bearing reserves for at least the first three phases of implementation. During this period the CRA should have discretionary authority to use these reserves for several key purposes, including: collateral backing for private land assembly and first mortgage loan guarantees, thus extending the scope of private investment for affordable housing, economic development and other community service enterprises; supplementation of redevelopment bond proceeds to meet unanticipated cost increases; and financing of additional public and private projects beyond the specific development agenda defined in the Overtown CRP document.

During Phase IV of the build-out period the governing bodies and CRA might elect to recycle the re-captured revenues for final phase redevelopment projects, thus reducing additional TIF District debt financing requirements and accelerating opportunities for returning incremental tax revenues for general government budget support. <u>However, it is strongly recommended that substantial capital reserves in the revolving funds be retained in perpetuity.</u> Inevitably, on-going structural deterioration of facilities will generate additional rehabilitation and replacement facility development assistance. Assuming the Overtown CRP's marketing objectives are met successfully, there will also be continuing population and economic growth pressures which will require mitigating assistance to preserve affordable housing and business facility choices for the original Overtown residents and small firms.

<u>Other TIF District Investment Returns</u>

In addition to the land sales and public lending returns described above, the taxpayers of the City of Miami, Dade County and other taxing jurisdictions will realize substantial economic and fiscal benefits from their cost-sharing contributions to the overall redevelopment action program. The scope of these benefits is more fully described in Sections 4.0 and 5.0 later on.

Of particular interest here are benefits to the City of Miami and Dade County general governments as a result of their support of the TIF District through incremental tax revenue contributions into the Trust Fund. According to projections in Section 4.3, incremental tax revenues in 2009 of over $9.6 million will provide surpluses beyond debt service requirements of between $6.2 and $6.0 million under financing Scenarios A and B respectively. In 2025, the final year for retirement of redevelopment bonds, the projected increment is over $18.9 million with surplus beyond debt service needs between $16.6 and $16.4 million in the two scenarios. These revenues exclude the gains to taxing jurisdictions which are exempted from TIF District Fund contributions--for example the Dade County School Board and Metro Dade Transportation Agency.

These represent very handsome annual rates of return for the City and County taxpayers for their investments in the TIF District Trust Fund. In terms of the financing assumptions of Scenario A, annual rates of return are as follows: 15% in 2009; 40.7% in 2025; and more than 46.6% after retirement of the debt.

In addition to investments committed to property acquisition/sales and revolving fund programs, Scenarios A and B respectively provide over $15.8 million and almost $15.2 million for fixed investment programs. These include: Relocation Assistance; Demolition and Site Preparation; Public Improvement Projects; and Administration, Planning and Concentrated Code Enforcement. Clearly, these essential operations involve very moderate costs relative to the overall tax revenue returns for the City and County taxpayers.

3.2 PROPOSED INTER-GOVERNMENTAL COST-SHARING SOURCES

Introduction/Overview of Approach

As previously indicated in Section 3.1, the Overtown CRP financing plan depends on investment cost-sharing from governmental sources outside the overtown TIF District in the range of $39.1-$40.7 million, expressed in 1993 dollars (see Tables 3.1A and 3.1B). The purpose of this section is to examine the implications of these cost-sharing requirements in the light of historical funding patterns and revenue sources and describe assumptions and recommendations for future cost-sharing responsibilities in each of the key areas of implementation activity. The material presented for each implementation funding component represents a brief summary of detailed analyses embodied in different elements of the Overtown CRP-Part II Report and its separate Appendix.

The content of this section includes consideration of important related issues of overall implementation financing policy, such as: public cash cost-reduction measures; impact fee incentives for private development; operating budget support for "Triangular Partnership" development organizations; and potential back-up revenue sources to support stronger collateralization of TIF District redevelopment bonds. Some of these items require on-going evaluation in the Overtown CRP budgeting process and are excluded from basic threshold cost estimates for this plan.

The cost-sharing and financing policy recommendations contained in this section, indeed in all parts of this report and the Overtown CRP Part II document, reflect practical recognition of the stressful economic conditions in Dade County and serious fiscal constraints faced by the taxpayers of Metropolitan Dade County and the City of Miami. These problems were quite evident as the studies for the Overtown CRP began in mid-year of 1991. They were compounded by the environmental devastation and tax base losses associated with Hurricane Andrew.

The consultant team is not in a position to measure the impact of this destruction on overall capabilities for future redevelopment financing. However, studies for the Overtown CRP clearly show that this target area can accommodate substantial growth of population, economic activity and tax base for very moderate capital outlays. Marginal cost redevelopment investments in the Overtown Community, including the SEO/PW project area, can and should be viewed as a complementary element in Dade County's rebuilding efforts.

The proposed financing strategy has been designed with particular regard to capital financing limitations of the sponsoring general governments of Metro-Dade County and the City of Miami. The Overtown CRP employs non-traditional redevelopment implementation tactics and strategies to maximize private sector responsibilities and leveraged investment, as fully described in Sections 2.1 and 2.2 of this report. The Overtown TIF District recoverable investment operations described in Section 3.1 above not only help to contain the costs of City and County investment but also generate handsome rates of return on the incremental tax contributions of the general governments into the TIF District Trust Fund.

Other proposed measures to limit the cost liabilities of local general governments include: assignment of certain capital improvement responsibilities to special jurisdictions which are exempted from TIF District Trust Fund collections but will benefit from the incremental tax revenues; broad distribution of funding roles for federal, state and regional agencies and programs; and productive uses of existing property, facility and human assets in the redevelopment process without added capital or operating budget outlays.

All elements of the Overtown CRP financing strategy, within and beyond the TIF District investments, are designed to produce substantial economic returns for City and Dade County tax payers with the least possible risk or actual cost exposure.

Background On Historical Capital Funding Patterns

As a background perspective for the consideration of revenue sources for cost-sharing proposals of this plan, it is useful to review previous funding patterns for the SEO/PW redevelopment project, as well as revenue sources which have played a role in overall Capital Improvement Programs of the City of Miami and Dade County.

SEO/PW Redevelopment Project Funding

According to information provided in late 1991 by staff of the City of Miami Department of Development and Housing Conservation, the SEO/PW redevelopment effort had employed $176.2 million in public funds from numerous sources. Approximately $245.1 million of private investment was in place or committed for Phase I redevelopment site offerings. These offerings did not occur until a number of years after the inception of site acquisition, clearance and public improvement efforts.

Although the ostensible public-private investment leveraging ration is only 1:1.4, substantial portions of the public support were in the form of short-term loans or private loan guarantees which have been (or will be) taken out of the long-term funding equation. These sources include: HUD Section 108 Loan Guarantee funds for redevelopment start-up costs; Federal Housing Agency (FHA) co-insurance; and Community Development Block Grant (CDBG) Float Loans for temporary housing project financing. Deducting the $66.1 million associated with these public contributions, a more favorable long-term leveraging ratio of 1:2.4 is indicated for redevelopment through 1991; obviously, this will increase as Phase I sites are built-out.

The heavy front-end public investment entailed in the SEO/PW project was generously supported by federal matching grant programs which no longer exist. These began with an "Urban Initiatives Program" grant of $9.3 million from the Urban Mass Transit Administration (UMTA), which was matched with combined funding of $3.2 million from the City of Miami, Dade County and the State of Florida. Later on, the federal UDAG program provided $10.1 million in two grants to leverage private investment commitments for Arena Towers and Biscayne View Apartments.

There was also a level of local public funding for infrastructure improvements in advance of private development which cannot be duplicated in future redevelopment efforts. A combined total of $7.0 million was provided from City of Miami Highway Bond funds, the City of Miami General Fund, and Florida East Coast Railway loans and grants. A unique feature of the public investment was the $46 million committed for the Miami Sports Arena, involving $3 million from the City of Miami and $43 million in revenue bonds issued by the Miami Sports and Exhibitions Authority.

The City and County also provided a total of $23.0 million from City of Miami Housing Bond funds, the Dade County Documentary Stamp Surtax Program, and federal CDBG Program entitlement funds of both the City and County. Some of the CDBG Program entitlement funds supported front-end redevelopment actions such as site acquisition and clearance, relocation, and public improvement. However, at least $17.6 million of the City and County housing assistance was committed for private project gap financing; this was instrumental in meeting affordable housing objectives in Phase I, compensating for inadequate levels of local mortgage lending support from private institutions. While this level of public cost exposure cannot (and need not) be replicated in the Overtown CRP projects, it is to be hoped that reasonable portions of the City and County CDBG Program entitlement funds and Surtax Program resources will be made available for more highly leveraged investments in the rest of Overtown. In the SEO/PW project the CDBG and Surtax Program sources accounted for $5.9 million from Dade County and $4.0 million from the City of Miami.

Given the long period of public redevelopment actions and delayed private construction, the SEO/PW TIF redevelopment district has experienced discontinuous generation of incremental tax revenues and bond financing capacity. After three years of declines in net assessed values, the district registered its first increase in 1985-86. Another significant increase occurred in 1986-87, both in the original district and in the TIF district boundary expansion south of NW 5th Street. It was not until several Phase I private projects were nearly completed in 1989-90 that another significant increase occurred. The policy of long-term leasing of redevelopment sites as a private developer incentive has also contributed to slower growth of the tax base. By 1990-91, the tax base increment was just under $71 million and the net incremental revenue amounted to just over $1.1 million.[7]

As a result of these conditions, only $11.5 million of tax increment revenue bond proceeds had been employed in the redevelopment financing by the end of 1991.

A number of lessons from the SEO/PW project experience have been incorporated int eh Overtown CRP implementation strategy, especially the following: stronger public-private co-

---

[7] This is based on City of Miami Department of Development data; detailed analysis is found in Section 6.0 of **Assessment of Existing Conditions Warranting Additional Redevelopment Actions in Overtown**, prepared by Florida Center in association with Reginald A. Barker and Robert D. Cruz, May 1992.

investment actions on nearly simultaneous schedules in multiple sub-areas and sites; functional diversification and moderate sizing of new private projects in accordance with early market absorption possibilities; maximum retention of existing taxable property values and early conversion of tax exempt properties to the tax rolls; and reliance on existing infrastructure and public facilities as the primary base for land use change and intensification. These tactics will allow greater concentration of the scarce public resources on private project gap financing and smaller-scale public improvements directly linked to private initiatives.

At the same time, the SEO/PW experience has demonstrated a strength of public redevelopment support which is unprecedented in the State of Florida, and the foundations for impressive land use changes and tax base growth in the future have been laid. The complementary redevelopment and marketing programs in the Overtown CRP Target Area will provide important support for successful completion of the SEO/PW project.

City and County CIP Funding Sources

Funding sources and shares of support for Capital Improvement Programs of the City of Miami (1992-97) and Metropolitan Dade County (1990-95) are shown in Table 3.2A. The total programmed outlays by the City are $472.8, for an average of $94.6 million per year, while outlays programmed for Metro-Dade County for the earlier period are $4,624.4 million, averaging $924.9 million per year. The non-TIF District cash investment proposed for the Overtown CRP Target Area in the heaviest action phases (i.e., 1995-2002) range from $16.5 million to $17.4 million, averaging $2.1-$2.2 million annually. These annual rates of target area funding need represent very small shares of annual CIP outlays of either the City of Metro-Dade County (i.e., 2.2% to 0.2% respectively).

The proposed Overtown CRP financing strategy would have little or no impact on City or County general tax base funding resources, including G.O. Bonds or General Fund Contributions, other than for certain drainage projects already included in the City's CIP. As shown later on in Section 4.2, ad valorem tax revenue sources currently pledged for G.O. Bond debt service are exempted from incremental revenue contributions to the TIF District Trust Fund; in effect, the redevelopment program will strengthen the contributions of this target area to city-wide and county-wide capital investment capacity.

At the same time, the Overtown CRP TIF District is programmed for substantially greater tax increment redevelopment bond funding than the 1.8% of total funding included in the City's CIP for the SEO/PW project.

The largest claims against city-wide and county-wide CIP revenue sources will come from the Overtown CRP non-TIF funding for affordable housing and economic development assistance; these amount to total funding needs of $10.8-$11.7 million in the first eight years, or an average of $1.4-$1.5 million per year. These needs represent a very small fraction (i.e., probably less than 0.4%) of the combined City and Metro-Dade average annual funding from federal and state grants and local revenue bond sources. However, the target area's affordable housing and

TABLE 3.2A: CURRENT CAPITAL IMPROVEMENT FUNDING SOURCES

FUNDING SOURCES	SHARE OF CURRENT CIP FUNDS (%)
CITY OF MIAMI: TOTAL CIP OUTLAYS (1992-97, MILLION $): 472.8	
Community Development Block Grants	1.8%
U.S. Dept. HUD, Section 108 Loans	1.3%
U.S. Dept. HUD, UDAG	1.3%
Other Federal Sources	0.5%
Sub-Total Federal Sources:	4.9%
FLA Legislature Direct Appropriations	0.7%
FLA Dept. of Transportation	0.4%
Other State Grants	0.7%
Sub-Total State Sources:	1.8%
Private Developer Contributions	0.3%
Rouse Company (Bayside Mkt. Place)	0.2%
Other Private Donations	0.3%
Sub-Total Private Sector Sources:	0.8%
Southeast Overtown/Park West TIF Bonds & Trust	1.8%
Special Assessment Collections	1.6%
General Obligation Bonds (Authorized)	22.4%
General Obligation Bonds (Anticipated)	17.9%
Revenue Bonds	19.9%
General Fund Contributions	0.7%
Enterprise Fund Contributions	2.2%
Surface Water Impr. and Mgmt. Funds	0.6%
Land or Asset Sales	0.9%
FPL Franchise and Other Utility Taxes	0.4%
Stormwater Utility Trust Fund	7.6%
Others	3.6%
Sub-Total City Bonds and Other Sources:	79.5%
Undetermined Future Funding Sources	12.9%
METRO-DADE COUNTY: TOTAL CIP OUTLAYS (1990-95, MILLION $): 4,624.4	
County Bonds	56.1%
Federal Grants	17.2%
State Grants	9.1%
General Fund Contributions	5.2%
Others	12.4%

SOURCES: City of Miami, Capital Improvement Program: 1992-97.
Metro-Dade County, Capital Improvement Program: 1990-95.

economic development assistance programs will require modest re-allocations of current priorities for CDBG Program entitlement funds, other federal and state categorical assistance programs, the Dade County Surtax Program, and issuing authority for tax exempt revenue bonds. These adjustments of area-wide funding distribution will be needed through Overtown CRP implementation Phases I and II (1995-2002), after which the TIF District would provide ample funding capacity for the majority of affordable housing and economic development needs.

Specific Inter-Governmental Cost-Sharing Concepts

The estimated needs for non-TIF funding in the target area over the 14-year build-out period are shown in Table 3.2B. Investment needs for each implementation activity are arrayed against multiple funding sources that may be considered in the on-going capital programming and budget processes of the Overtown CRA and its parent governments. Discussion of the underlying assumptions of each inter-governmental cost-sharing element will follow.

Public Improvements Cash Support

The most significant non-TIF public improvement cash outlays--estimated at $3.75 million--are associated with the completion of drainage projects already initiated within the City of Miami capital budget and generally identified for future funding int eh 1992-97 CIP. these include Phase 2 pump station renovation at NW 16th Street and NW 5th Avenue and Phases 4 and 5 of the Wagner Creek dredging program, which will mitigate some flooding problems in the spring Garden neighborhood. The phasing and amounts for these projects are based on preliminary judgements of City of Miami Department of Public Works engineers and are subject to detailed budgeting.

The Overtown CRP calls for several public improvement projects to be supported by the autonomous taxing jurisdictions of the Metro-Dade Transportation Agency and the Dade County School Boar, both of which stand to gain substantial incremental tax revenues from the Overtown TIF District while being exempt from TIF District Trust Fund collections under the provision of F.S. Chapter 163-Part III. The proposed $665,900 amount assigned to the Metro-Dade Transportation agency includes area-wide bus shelters, but the most significant element is Culmer Station site improvements to encourage intensive private mixed-use development, better/safer pedestrian access, and increased transit ridership. Increased Metrorail patronage is a major redevelopment objective.

The $598,400 cash support from the Dade County School Board focusses on school site enhancement programs for the Booker T. Washington Middle School and Dunbar and Phyllis Wheatley Elementary Schools within the target area. The Booker T. Washington program includes improved vehicular and pedestrian access, recreation facilities, and landscaping and specialty lighting to enhance community-outreach program effectiveness and to encourage bordering private developments of a compatible nature. The modest elementary school site improvements include increased security and beautification measures to overcome the "siege" image of these important Overtown North Community facilities.

As noted in the Overtown CRP document, it is recommended that the Dade County School Board undertake an independent assessment of the adequacy of existing school facilities vis a vis anticipated Overtown Community population changes; no CIP proposal for school facilities expansion is included in the estimates presented here. It is known that current school facility overloads within the Overtown service area are attributable, at least in part, to enrollments form other districts of the City.

Affordable Housing Assistance-Cash and In-Kind Support

The non-TIF cash support of $4.6-$5.4 million for affordable housing assistance is associated with loans and grants from a wide variety of existing programs funded from federal, state, and local sources. There is no pre-conceived inter-governmental distribution of program support, but the Overtown CRP Affordable Housing Plan does provide for relatively balanced dollar support for rehabilitation and new construction projects. Non-TIF sources would cover 60%-70% of all private rehab project assistance needs and 30%-36.5% of all new housing project assistance; these priorities allow the most cost-effective production of affordable units in the early phases when TIF District financing capacity is limited, as well as responding to the restrictive household eligibility and construction preferences of most categorical housing assistance programs.

In order to reduce the target area's claim against housing assistance programs directly operated by the City of Miami and Dade County, the proposed Overtown TIF District gap financing and private mortgage guarantee programs would enable a selected range of private projects to make competitive application for funding from other programs. Examples of the relevant external programs include: the State of Florida SAIL Program, federal Low-Income Housing Tax Credit Program, federal Home Loan Bank Board Interest Rate Buy-Down Program, and Tax-exempt Mortgage Revenue Bond Programs operated by the Housing Finance Authority of Dade County.

Several Dade County housing programs will play an important role in containing or reducing front-end loan and grant requirements for privately developed housing. The Affordable Housing Plan assumes that at least 112 of the estimated 1,467 target area households currently occupying substandard housing units are living in conventional public housing units which will be brought up to good condition by Dade County HUD's current housing modernization program. It is further assumed that Dade County HUD will assign priority to eligible target area households for at least 70 of the public units which will be vacated in the future.[8] The federal Section 8 rental housing certificates and vouchers programs operated by Dade County could also play an important role in private development of units to serve the lowest income groups; to the extent

[8] The Overtown CRP Housing Plan recommends that all future construction in the target area should focus on privately developed units, including home ownership options for upwardly mobile households occupying current public housing units. At the same time the plan calls for assistance from Dade County HUD policies on tenant selection priorities to avoid displacement of low income households residing in the target area now and limitation of dependent households growth within the area.

TABLE 3.2B: INTER-GOVERNMENTAL COST-SHARING NEEDS & POTENTIAL SOURCES (All figures in Millions 1993 $)

IMPLEMENTATION COMPONENTS & PROJECT CATEGORIES	EST. NEEDS MIN./MAX.	POTENTIAL FUNDING SOURCES
NON-TIF CASH SUPPORT-TOTAL:	$27.5 / 29.0	(See Below)
Public Improvement Projects-Total:	$5.0 / 5.0	-
o City CIP Drainage Imps., previously planned & initiated	$3.75/ 3.75	Storm Water Utility Trust Fund, G.O. Bonds, State of Fla., & SWFWM District.
o Culmer Sta. Imp'ts. & Bus Shelters	$0.65/ 0.65	Metro-Dade Trans. Agency
o School Sites Improvements	$0.60/ 0.60	Dade County School Board
Affordable Housing Development Assistance-Total:	$4.6 / 5.4	All Non-TIF AH assistance funding based on CDBG entitlement programs & categorical housing programs operated by City, County, HFA of Dade Cty., State & Federal agencies.
o Rehab Units	$2.3 / 2.7	
o New Construction Units	$2.2 / 2.7	
Economic Development Assistance-Total:	$17.1 / 17.1	-
o Small Business Development Loans	$0.8 / 0.8	U.S. SBA Loan Guarantee Program &/or similar source.
o Special Projects Gap Financing	$16.3 / 16.3	Tax exempt Industrial Revenue Bonds (IRB's) &/or alternative source.
Administration, Planning etc.-Cash Total:	$0.8 / 1.5	-
o CRA Core Staff Cost-Sharing	$0.8 / 1.5	Another TIF redevelopment project (e.g. SEO/PW)
IN-KIND SUPPORT-TOTAL:	$11.6 / 11.63	(See Below)
Property Acquisition-Total:	$9.3 / 9.3	Land contributions of City, Dade County, Dade Cty. School Board & other governmental owners.
Affordable Housing Assistance	N.A.	CRP estimates Dade Cty. HUD could provide up to 182 units of existing public housing for target area needs.
Administration, Planning & Concentrated Code Enforcement-Total:	$2.32/ 2.35	-
o City of Miami Staff Support	$1.57/ 1.60	City agencies operating budgets.
o Dade County Staff Support	$0.75/ 0.75	County agencies operating budgets.

SOURCE: The Authors

FOOTNOTES:

(1.)For additional detailed estimates and break-downs of Non-TIF cost-sharing refer to following tables in the Overtown CRP-Part II Appendix: Property Acquisition-Table A3.5(D); Public Improvement Projects-Table A3.4(A); Affordable Housing Assistance-Table A3.10(E); Economic Development Assistance-Table A3.11(D); Administration, Planning, & Concentrated Code Enforcement-Tables A4.1(A) and A4.1(B).

(2.)The "Minimum" and "Maximum" dollar needs above correspond to estimates for cost-sharing Scenarios A & B as shown in Overtown CRP-Part II Appendix Tables A4.4(C) and A4.4(D).

that new or recycled certificates and vouchers are committed to the target area, it may be possible to reduce the front-end cash support of $4.6-$5.4 million shown in Table 3.2B.

As many as fourteen other categorically defined housing assistance programs operated by the City of Miami and Dade County provide potential support for the private rehab and new construction initiatives called for in the Affordable Housing Plan.

The analysis shows that the funding agencies could achieve good private investment leveraging and loan/interest revenue recovery over time by working in the multi-agency funding environment proposed in this target area.

Several relatively large and flexible funding resources controlled by the City of Miami and Dade County are viewed as particularly important sources of support for early phase housing redevelopment initiatives in the target area. The City's CDBG Program entitlement funds and program-related assets and future income from repayments of prior CDBG loans are particularly versatile resources which could be used in innovative co-investment strategies. The Dade County Surtax Program is a predictable source of funding with wider latitude for encouragement of private rehab and new housing for ownership and rental than most other categorical assistance. The Overtown CRP Housing Plan strongly recommends that sustaining fund commitments from these three sources be made by the City and County for the first five or more years of implementation. Such commitments should be matched against other concessional lending from the Greater Miami financial community; all of this funding would operate in tandem with TIF District resources to meet a broad spectrum of existing resident needs and external market opportunities. This proposal does not preclude the possibility of recouping the City and County front-end support from Overtown TIF District incremental tax revenues and/or bond proceeds during later phases.

Economic Development Assistance Cash Support

As shown in Table 3.2B, a relatively modest cash investment need of $800,000 has been identified for small business development loans and loan guarantees from the U.S. Small Business Administration. This funding would be accompanied by management and technical assistance from existing local public and private sources, and it would operate in tandem with commercial and industrial building rehabilitation financing supported by private sources and TIF District gap financing.

More significant non-TIF cash outlays of $16.3 million are identified for special projects gap financing, including: the Miami Health Technologies Science Center; the Small Business and Technology Development Center; and the Bio-Medical Business and Industrial Park. This financing is envisioned to be in the form of private mortgage loans based on tax exempt

Industrial Revenue Bond (IRB's), which would be issued from the State of Florida's allocations of tax-exempt credit authority to Dade County.[9]

The target area claims on these economic development resources will be spread over a number of years. In the event that changes in federal legislation result in elimination or reduction of the U.S. SBA or RIB sources, contingent alternatives for concessional private lending should be considered. Private loan guarantees and additional gap financing from the TIF District and other City and County discretionary funds may provide workable substitutes.

In any event, the early years of economic development assistance and related small business relocation activities are likely to require short-term sustaining funds from the City of Miami, Dade County, and local private financial institutions. The CDBG Program entitlement funds of the City and County would be logical sources. The sustaining fund requirements would be light by comparison with the front-end housing support recommended above; it is similarly assumed that economic development start-up funds from the City and County could be recouped in later phases from TIF District incremental tax revenue accumulation.

Administration, Planning, and Concentrated Code Enforcement-Cash and In-King Support

As shown in Table 3.2B, cost-sharing support for these activities includes an estimated amount of \$0.8-\$1.5 million to enable the employment of an adequate complement of management and professional staff for the Overtown CRA's implementation responsibilities. In the minimum cost-sharing Scenario A, the TIF District funds would carry 75% of the direct personnel and operating expense of the CRA Core Staff in Phases I and II and full support in Phases III and IV; it is proposed that other TIF redevelopment projects which require similar staff expertise would carry 25% of the Phases I and II expense. In the maximum non-TIF support Scenario B, the projected TIF District funding falls to 75% in all phases, with 25% coming from other TIF projects served by the same staff.

As one possibility, the complementary cash support might come from the SEO/PW TIF District, enabling the City of Miami Department of Development to strengthen its current staffing and provide coordinated attention to the tandem TIF redevelopment districts. Another option might be for the CRA to contract with the proposed "Triangular Partnership" corporation, "Overtown Neighborhood Restoration Corporation", to perform selected public redevelopment services and loan some City and County staff to it. Other solutions to the urgent need for adequate Overtown CRA staff support are not precluded.

[9] The tax-exempt IRB financing, as well as housing mortgage revenue bond programs of the Housing Finance Agency of Dade County, are dependent on continued authorization by the U.S. Congress, as well as allocations of sufficient bond issuing authority to meet locals needs.

Estimated needs for in-kind staff services and operating expenses for Overtown CRP implementation over the total build-out period are in the range of $2.32-$2.35 million, with $750,000 of this supported by Dade County in its normal operating budget and the remainder of $1.5-$1.6 million to be borne by the regular budgets of City of Miami central staffs and line agencies. The variation of in-kind staffing commitments from the City are attributable to TIF District capacity to provide cash reimbursements for concentrated code enforcement activities under the Scenarios A and B conditions.

The total level of auxiliary implementation services to be required is subject to on-going budget evaluations, and the relative distribution of Dade County and City of Miami responsibilities is subject to terms of agreement to be negotiated and incorporated in the Inter-Local Agreement for the Overtown CRP implementation.

In-Kind Property Acquisition Support

An important element of inter-governmental cost-sharing for the redevelopment effort is the in-kind contribution of publicly-owned properties for the CRA's land assembly activities. The properties which have been identified for this purpose in the Overtown CRP surveys and planning efforts include vacant sites, high-value surplus properties with low-intensity structures, and sites and structures which are not economically productive. In all cases, the land and improvements are non-taxable. The property owners include the City of Miami, Dade County, Dade County School Board and other jurisdictions. The total estimated fair market value in 1993 dollars of these identified redevelopment sites is almost $9.3 million.

As previously stated in Section 3.1 above, cost-free transfers of these properties for redevelopment purposes will contribute significantly to incremental tax revenue benefits for the owning jurisdictions. However, this proposal does not preclude the possibilities of other considerations or private land sales revenue-sharing arrangements between the CRA and the owning jurisdictions.

Proposed Development Impact Fee Incentives

While local government development impact fees provide sources of revenue for funding infrastructure and public facility needs in new growth areas, they cannot be regarded as productive sources of financing in a blighted community redevelopment district. They are also inconsistent with the funding policies of federal and state government economic development and affordable housing assistance programs. These truisms are particularly applicable in the Overtown CRP Target Area where there is a substantial inventory of underused infrastructure and public facilities, and where the primary public redevelopment costs are associated with creating feasible private market and investment conditions.

The following impact fee incentives policies within the Overtown CRP Target Area are recommended for future consideration of the Miami City Commission and Dade County Board of County Commissioners:

- **Residential Development Impact Fees:** Retention of the City of Miami's current policy of waiving all residential development impact fees within designated Community Development Target Areas. (See City of Miami Development Impact Fee Ordinance #10426, adopted 5/28/87.) This existing policy should be more widely promulgated as a private investment incentive for affordable housing in this target area.

- **Economic Development Impact Fee Incentive:** Creation of a general exemption from the City's non-residential development impact fees for Economic Development projects in Community Redevelopment Financing Districts. It may be desirable to impose specific limitations on the intensity of development of exempted projects, such as a maximum F.A.R. density of 1.72 in commercial, industrial, or mixed-use projects. Further, it is probably desirable to impose flexible criteria and project review procedures for granting the impact fee exemption vis a vis the economic development benefits to be served by the project in the target area context. These benefits include: small business opportunities; replacement facilities to accommodate displaced businesses; employment opportunities; and contributions of tax revenues and other community economic benefits.

- **Road Impact Fee Waiver for Community Redevelopment Districts:** Creation of a general exemption from Dade County's Road Impact Fee for projects which serve the public purposes of Affordable Housing and Economic Development within Community Redevelopment Financing Districts approved by the County. As suggested above, it may be desirable to impose project density limits--e.g., maximum FAR 1.72 and/or residential density limits of 100 DU/AC--and establish other flexible criteria and project review procedures.

These proposed development incentives actions would not affect current policies and standards of charges for Water Service Fees or Sewer Service Fees for new and rehabilitated construction.

Start-Up Budget Support for Partnership Organization

An important area for short-term financial support in a public-private cost-sharing mode is the provision of operating budget seed monies for non-profit development organizations to be involved in the Overtown CRP implementation. As previously recommended (see Section 2.1), the formation of a "Triangular Partnership" structure through which governmental action programs can be pro-actively supported by the Greater Miami business/financial community and neighborhood self-help development groups is an important ingredient of the proposed target area co-investment strategy. If capable partnership entities are created and pre-qualified by the CRA to operate as public-spirited redevelopers, substantial time and cost savings will accrue to the Overtown TIF District and the City of Miami and Dade County sponsoring governments. Non-profit development corporations also provide a preferred method of developing new housing under the federal CDBG Program and other categorical assistance programs.

The five-year implementation action program (see Section 2.3) calls for non-profit organization capacity-building as a first order of business in Years 1 and 2. Estimates of the potential costs to the City and Dade County for participation in this effort have been withheld pending the completion of basic negotiations between the Triangular Partnership leadership sectors.

It is clear from the consultant team's investigation that the traditional forms and conditions of City and Dade County financial support for neighborhood CDC's will not satisfy the objectives of this plan for serious/capable participation of community-based groups in major Overtown CRP redevelopment assignments. In many cases, especially in the Overtown Community, CDC missions have been poorly defined; CDC operations have subsisted at a marginal staffing level on governmental grants with inadequate support from community-based sources, private foundations and corporations. Most organizations are not well linked with sources of private capital for their development initiatives.

It is here recommended that the City and Dade County jointly undertake discussions and agreements with leaders of the overtown Community and the private foundations and corporate community with a view toward new missions and structures for partnership development--i.e., along the lines of the proposed Triangular Partnership, or any better alternative. Having agreed upon missions an structure, matching commitments for start-up budget assistance should be agreed upon. Management and technical assistance from private and public agencies should accompany the budgetary support.

The Triangular Partnership framework calls for different types of non-profit organization development and budget assistance, as follows:

- **Triangular Partnership Management Corporation.** This central coordinating entity, conceptually styled as the "Overtown Restoration Corporation" (ONRC), would have a representative leadership board from all interest sectors, a high-quality/small core staff and in-kind staff expertise and services from existing area-wide, non-profit development assistance organizations such as HSF, GMN and/or Greater Miami LISC. ONRC could provide project investment packaging and management/technical assistance to neighborhood CDC's , as well as catalytic development and fiduciary management service for the partnership as a whole. While requiring start-up budget support for several years, ONRC could become self-supporting based on public spirited development service fees and limited partnership interests.

- **Overtown Community "Umbrella Organization" (Leadership Coalition).** The Triangular Partnership concept envisions an improved coalition mechanism for stronger "grass roots" leadership and coordination of community development and services delivery activities. It is suggested that this could come about form harmonizing the existing community interests and assets of the Overtown Advisory Board, Inc. (OAB) and the Overtown Neighborhood Partnership (ONP) currently being supported by Miami Dade Community College system and certain charitable foundations.

- **Capacity-Building for Existing Overtown CDC's.** The partnership proposal envisions that the three or more non-profit CDC's already at work in the Overtown CPR and

SEO/PW target areas would receive assistance in clarifying their development missions, building stronger management/professional staff capabilities, and gaining access to project financing sources in the private and public sectors. The key benchmark for organizational enhancement of these groups (or creation of additional non-profits) should be the creation of self-help development entities which could qualify for CRA designations of land assembly and redevelopment teams and/or take the lead in small business and community service enterprises. Wherever possible, matching support for start-up budgets should lead to self-supporting development operations.

It should be emphasized that this partnership framework is meant to operate across the Overtown Community as a whole. This will enable better coordination of SEO/PW and Overtown CRP projects dedicated to the affordable housing, economic development and social service needs of the entire community; it will also strengthen the competitive market position of the whole area.

Back-Up Financing Assets/Policy Options

Although the Overtown CRP TIF District shows ample potential for long-term financing capacity based on incremental tax revenues, the two sponsoring local governments must be prepared to designate discretionary revenue sources for both short-term redevelopment initiation expenses and long-term TIF redevelopment bond security. The specific mix of City of Miami and Dade County revenue sources to be employed for back-up financing of TIF District obligations is subject both to further study of discretionary funding flexibility and to inter-governmental agreements and negotiations with the lenders and redevelopment bond underwriters. The consultant teams' evaluation of potential discretionary revenue sources and back-up financing policy options is offered here as a preliminary basis for discussions between all interested parties, including those groups who have a major stake in the approval of the Overtown CRP and TIF District.

Discretionary Sources for Long-Term TIF Bond Guarantees

As previously mentioned in Section 3.1, the national bond market generally requires a primary and secondary source of collateral for the re-payment of TIF bond debt. The primary source is a pledge of future incremental tax revenues form the redevelopment district for the full period of the bonds, typically at a minimum annual debt service coverage ratio of 1.25. The secondary collateral to guarantee full re-payment of the bonds must come from unpledged revenue sources which local governing bodies may commit under their own authority without resort to a general taxpayer referendum or the permission of third parties.

The broadest and deepest local revenue sources of the City of Miami and Dade County fall outside this definition of discretionary flexibility. General ad valorem tax revenues are either pledged to previous G.O. Bond issues approved by the voters or require additional voter referendums for long-term debt issues. The City and Dade County also have existing long-term debt service obligations and area wide financing needs which restrict their flexibility to pledge utility revenues and trust funds, parking facility revenues, or other public enterprise earnings.

These limitations apply to most local governments in Florida and across the U.S. The local redevelopment programs which have been most successful in obtaining AAA ratings and lower interest rates for long-term TIF bonds have employed external entitlement revenues form federal and state sources, such as: federal revenue-sharing; federal CDBG Program entitlement funds; state sales tax rebates to local government; local option sales tax surcharges; and state gasoline tax rebates for local option uses. These resources are often assigned for 5- or 6-year CIP program purposes and expended for capital budgets as they become available, but they are not typically pledged for long-term debt service.

According to information garnered by the consultant team from knowledgeable sources, the City of Miami and Metro-Dade County appear to have an impressive array of similar sources form which discretionary commitments could be offered as secondary collateral to guarantee TIF redevelopment bonds. The following elements and amounts available in the 1990-93 period are relevant indications of what could be offered in the future:

- **Federal CDBG Program Entitlement (1992-93):**

- City of Miami	$13,156,000
- Dade County	16,396,000
- Combined Entitlement	$29,552,000

- **6% State Sales Tax Revenue (1990-91)[10]:**

- County-wide sales tax collections	$1,015,709,063
- Re-distribution for City of Miami uses	15,406,201
- Re-distribution for County-wide uses	102,546,679
- Total local discretionary spending	$117,952,880

- **6% Local Option Gasoline Tax Revenue (1990-91):**

- Total Local Option tax collections	$50,815,280
- Re-distribution for City of Miami uses	4,744,811
- Re-distribution for County-wide uses	46,916,932

According to the alternative TIF District bond financing Scenarios A and B evaluated for this plan, minimum revenue coverage from either the primary or secondary collateral sources will be in the range of $3.4-$3.5 million during peak debt service periods. If the City of Miami wished to provide the entire amount of the secondary collateral, it could do so by pledging between 10.0%-10.5% of its total annual revenues from the above three sources in the future during the 30-year maximum period for TIF District incremental tax revenue collections (i.e., through 2025).

[10] In addition to the 6% State Sales Tax, there is a 0.5% Local Option Sales Tax, in this case pledged for uses of the Dade County Public Health Trust.

Alternatively, if Dade County and the City of Miami wished to jointly provide the secondary collateral, they could do so by pledging between 1.7%-1.8% of their total annual revenues in the future from the three sources.

Given the external legislative action and economic variables associated with any one type of future entitlement, the national bond market will typically require secondary collateral pledges from a combination of sources. Moreover, the special metro-government financing powers of Dade County will be looked to for support of the TIF bond guarantees. The lowest degree of risk and restrictions on capital spending flexibility for either the City or Dade County will be derived from a shared guarantee of small percentages against tow or more types of revenues.

Short-Term TIF District Back-Up Financing Options

As mentioned earlier in this section, the affordable housing and economic development assistance programs will require sustaining commitments of non-TIF program resource for at least five years during the early build-up of TIF District financing capacity. Additional demands will be placed on non-TIF back-up financing sources to cover initial basic redevelopment expenses incurred prior to the accumulation of sufficient TIF District assessed value increments to justify the issuance of the first long-term TIF redevelopment bonds. Although some revenue increments will be available to defray initial TIF District expenses, there will be a net cost liability to be financed from short-term sources designated by the City of Miami and Dade County governing bodies.

Depending on the length of time elapsed before issuance of long-term TIF bonds, as well as the strength of local government backing, the net front-end cost liability for short-term financing under Scenarios A and B could be in the range of $8.8-$3.7 million. There are three optional methods of dealing with these short-term funding needs which can be recommended for consideration by the local governing bodies and financial officers of the City and Dade County. These are briefly defined as follows:

o **(1.) Programmed Allocations From Discretionary City and County Funds.** This option would minimize short-term debt and interest charges, or eliminate them altogether. The scheme would require multi-year commitments of various City and County resources not already earmarked for other districts or projects. The most flexible resources within the City's control might include the following, among others: CDBG Program entitlement funds; recycled CDBG Program loan repayment income; local option gasoline tax monies; and shares of the state sales tax rebates. The City could also reduce the new Phase I funding needs by going forward with previously programmed drainage projects improvements based on the Storm Water Utility Trust Fund.

  Potential short-term financing from Dade County might logically include allocations from similar external entitlement funds (i.e., CDBG Program, sales tax re-distributions, and local option gasoline tax), as well as extra affordable housing development assistance monies from the Documentary Surtax Program. The County could also reduce the amount of new front-end financing for private housing assistance in Phase I by allocating federal Section 8 rental housing certificates and vouchers to developers or tenants of target area projects.

The combined short-term funding should leave the Overtown CRA with considerable budgetary latitude to make advance action program schedules for diverse basic redevelopment functions such as: property acquisition; relocation; demolition and site preparation; small-scale public improvements design and construction; and CRA administrative, planning, and code enforcement operations. It is here assumed that much of the short-term financing for the TIF District could be treated as loans which would be recoverable from TIF District incremental tax revenue surplus in later phases of the 14-year build-out period.

o **(2.) Section 108 Loan Guarantees.** Operated by the U.S. Department of Housing and Urban Development (HUD), this program provides CDBG Program entitlement communities with front-end financing for most of the basic activities associated with large-scale redevelopment in blighted areas.

If the Overtown CRP project were successful in an application for Section 108 assistance, the City and/or Dade County would issue promissory notes to be sold through underwritten public offerings; the notes are guaranteed by HUD. Loans can be made for varying periods up to 20 years at current U.S. Treasure borrowing rates. Potential sources for repayment of the Section 108 loans could include: future TIF redevelopment bond process; land sales revenues; and/or repayments of loans issued to redevelopers of economic development or affordable housing projects. However, the City and/or Dade County would be required to pledge appropriate percentages of their CDBG Program entitlement funds in future years as back-up collateral for repayment of the promissory notes.

This is an ideal form of short-term redevelopment financing from private sources; it was used on two occasions (1985 and 1990) to raise a total of $13.9 million for front-end expenses of the SEO/PW redevelopment project. However, current Section 108 application conditions are more competitive.

o **(3.) Bond Anticipation Notes (BANS).** This type of short-term, tax-exempt borrowing from private sources is frequently used by local governments to initiate activities which will generate a basis for marketing long-term bonds. This method of financing has often been used for TIF redevelopment district start-up activities, and it can legally cover any of the basic costs permitted as eligible expenses under F.S. Chapter 163-Part III projects.

BANS financing could be underwritten by local financial institutions with a direct interest in the successful redevelopment of the Overtown Community. According to recent quotes form reputable municipal securities underwriters, AAA-rated BANS for repayment periods up to five years could be obtained at a 4.7% annual interest rate plus a 0.5% initiation fee. However, local government guarantees for BANS repayment would have to meet rigorous standards similar to those for long-term TIF bonds. The BANS lenders would have first call on future TIF redevelopment bond proceeds, and they would be protected by secondary contingency sources.

These three options could b used singly or in combined short-term financing strategies for the TIF District. The choice of a particular method should not be a pre-condition for formal adoption of the Overtown CRP and establishment of the TIF District and Trust Fund. Such formal approvals plus the appointment of the CRA Board and administrative executives will create more practical conditions for programming a mix of discretionary resources and the pursuit of either Section 108 or BANS debt financing options.

The actual period for pre-bond financing operations can also be left open for later determination in the light of actual TIF District increment growth rates and the depth of alternative short-term funds. However, the greatest financial planning flexibility and lowest costs of financing will be derived from firmly shared risk underwriting by the City of Miami and Dade County.

3.3 TIF DISTRICT DEBT FINANCING SCENARIOS & RECOMMENDATIONS

Purpose/Scope of Analysis

The material presented here illustrates the effect of projected increments of assessed property values and annual revenues on the short- and long-term financing capacity of the Overtown CRP TIF District. Alternative assumptions and scenarios for TIF District debt financing issues are explored with particular regard to illustrating amounts of phased redevelopment costs that can be borne within the district during the 14-year build-out period, as well as the rates of generation of financial reserves to meet unscheduled future investment needs and/or reimbursements to the sponsoring general governments. Illustrative schedules and amounts/costs for sequential bond offerings in the national securities market are also presented.

The amounts of required short-term TIF District financing are also evaluated under best and worst case assumptions as to the period for pre-bonding redevelopment activity.

These variable debt financing scenarios provide the global amounts of TIF District cost-sharing capability which have been built into previously described Scenarios A and B. (See Tables 3.1A, 3.1B and 3.2B.) They also provide background information for the fiscal impact projections which follow in Chapter 4.0.

While general recommendations are offered concerning the preferable general strategy for issuance and marketing of redevelopment bonds, the guidelines offered here leave ample room for detailed financial management decisions of the CRA and its parent general governments during Overtown CRP implementation.

General Terms and Conditions for Financing Scenarios

Summaries of the alternative short- and long-term financing scenarios are shown in Tables 3.3A and 3.3B. Table 3.3A corresponds to the previously described TIF District cost-sharing Scenario A and provides a maximum amount of net redevelopment program funding and faster revenue pay-backs after meeting the costs of issuance and debt service on long-term bonds. Table 3.3B corresponds to cost-sharing Scenario B and provides reduced amounts of net program funding, particularly in the early build-out phases.

These two financing scenarios are based on a common assumption of aggressive redevelopment action program scheduling to generate early and steady private investment and TIF District tax base growth, along with Trust Fund collections. The increments to be garnered within the Trust Fund are based on Dade County and City of Miami general government shares of the tax base; increments gained by TIF-exempt jurisdictions are not used for this debt financing.

Several general terms and conditions for long-term TIF debt financing are common to both scenarios. As determined by law in F.S. Chapter 163-Part III, a maximum period of 30 years for Trust Fund collections of incremental tax revenues and issuance and repayment of all bonds is assumed. The 30-year period begins with the first year in which a positive increment is realized; 1995 has been assumed as the base year when this could occur, with 2025 as the final year for retirement of all bonds. The repayment periods and annual debt service costs of sequential bond issues will vary substantially.

In the event of delay in the Overtown CRP adoption beyond December 31, 1994, the base and final years of TIF incremental revenue contributions from the City and Dade County will change.

Both scenarios also meet the standard national bond market requirement for revenue coverage of annual debt service needs at a ratio of 1.25. This means that for each dollar of required debt service, the pledged TIF District incremental revenues (and/or back-up revenue guarantees) must provide at least $1.25.

The primary variation in terms and conditions between the maximum and reduced funding scenarios pertains to the relative strength of bond repayment security offered by the sponsoring governments, which in tern generates differences in the interest rates and underwriting/marketing costs. The maximum funding scenario assumes that the City and Dade County will jointly guarantee bond repayments based on full pledges of the incremental tax revenues plus back-up collateral from discretionary funds--i.e., as discussed in Section 3.2. These are standard expectations of the securities industry to obtain AAA investment grade rating. According to quotes from reputable underwriters received in late 1992, AAA-rated TIF redevelopment bonds could achieve an interest rate of 6.5%. With this rating, the bonds could be marketed more easily, with resultant reductions in bond underwriting, legal counsel, and costs of issuance.

The reduced funding scenario assumes that the City and Dade County will jointly guarantee bond repayment through pledges of the TIF District increments, but secondary collateral guarantees from other future discretionary funds would not be forthcoming. These bonds would require an 8.0% interest rate and have lower investment rating. More difficult bond marketing conditions and higher underwriting, legal counsel and issuance costs would follow.

The difference of redevelopment program funds availability from the first two bond issues amounts to almost $2.9 million, increasing to a $3.75 million difference for all bond issues on the same schedules.

The difference in generated TIF District capacity is less problematic than the issues of marketability and long-term interest costs in the more weakly secured bonding scenario.

<u>Pre-Bond Phase/Short-Term Financing Concepts</u>

The contrasted long-term debt scenarios are based on common assumptions concerning the form of short-term financing and a 3-year pre-bond redevelopment period.

The financing is based on conservative assumptions: first, that the City and Dade County would be unable to commit extra amounts of discretionary revenues for short-term use in the TIF

District in order to minimize debt financing requirements; and, second, that an application for the Section 108 loan guarantee program assistance from HUD would not be desirable or successful. As a higher cost/fallback strategy, the scenarios commonly assume that local financial institutions would provide front-end loans based on short-term Bond Anticipation Notes (BANS) backed by the City and Dade County.

In the maximum funding scenario (Table 3.3A), it is assumed that repayment of the BANS would be strongly collateralized with pledges of incremental tax revenues, first call on TIF bond proceeds when issued, and secondary sources of contingent payments. This security would result in AAA-rated BANS with an assumed interest rate of 5% or less plus a 0.5% initiation fee.

In the reduced funding scenario (Table 3.3B), the BANS repayment guarantees would not extend beyond pledges of incremental tax revenues and first call on the initial TIF bond proceeds. This would result in lower rating of the BANS, with an assumed interest rate of at least 5.25% and increased initiation fees assumed as 1%.

Both scenarios take advantage of the projected incremental revenue accumulation by applying 75% of the accumulated revenue increments ($647,000) toward reduced amounts of BANS loans. The net amounts to be borrowed in the two schemes are in the modest range of $4.5-$3.7 million for the maximum and reduced funding scenarios.

The 3-year pre-bonding phase assumed in both scenarios reflects a financial planning objective of moving as fast as possible toward long-term financing support with lower annual costs of debt service commensurate with incremental tax revenues. Based on the proposed aggressive tactics and schedules for generating private investment and growth of the tax base, TIF District fiscal projections show yearly increments reaching the level of $815,000 in 1998 (see Section 4.2). This would be sufficient to justify initial bond issues covering 1998 costs, three years after the assumed implementation start date of January 1, 1995.

The amounts of bonds issued at this point in time would range from $12.1 million to $10.6 million in the respective maximum and reduced funding scenarios. In each case, initial bond proceeds would be used to retire the BANS debt and provide project funds for the two remaining years scheduled for the Phase I period. As shown in Tables 3.3A and 3.3B, the combined short- and long-term financing would generate project investment support for the Phase I period (i.e., net of financing and initiation expenses) in the range from almost $11.9 million to over $10.4 million in the maximum and reduced funding options. The weaker TIF District funding scenario would require compensatory increases of non-TIF funding at the level of $1.5 million in order to maintain the same pace of redevelopment activity and increment growth.

Contingent short-term financing provisions should be made against the possibility that long-term TIF bonds could not be sold until the end of Phase I, five full years from the assumed implementation start date. This might occur as a result of any discontinuity in yearly increments and/or shortfalls in the expected level of Trust Fund collections by 1998. Clearly, the marketability of TIF bonds will depend on demonstrated historical performance of the early redevelopment efforts.

Assuming a 5-year pre-bonding phase, programmed TIF District cost-sharing obligations for this period will be in the range of $11.9 million to $10.4 million in Scenarios A and B respectively. Assuming that incremental revenue accumulated in that period is 25% lower than the approximate level of $4.4 million projected by the consultant team, the net costs of front-end redevelopment to be financed for a 5-year period would increase to the range between $9.6 million and $8.1 million in the maximum and reduced funding schemes. These are also very manageable amounts of BANS financing for large projects. The costs of short-term financing could certainly be reduced if the Section 108 loan guarantee program assistance or other discretionary program revenues form the City and/or Dade County become available.

Increment-Based TIF Bond Cycles/Financing Capacity Growth

As a direct result of the multi-faceted public action program strategies and aggressive schedules described earlier in this report (see Section 2.2 and 2.3), the TIF District tax base and annual revenue increments are expected to accelerate exponentially throughout and beyond the 14-year build-out. This expectation is based on adherence to multi-use construction and marketing schedules, as well as significant conversion of vacant or tax-exempt properties to more intensive/taxable values. Additionally, the increments will be created through annual appreciation of existing and new property values throughout the 30-year period for TIF bonds amortization--i.e., due to blight elimination and steady increases in real estate market demands for target area land and facilities.

Given the exponential curve of incremental revenue accumulation, the TIF District is expected to progress from tightly constrained bond issuing capacity in the first eight years of Phases I and II to a situation of surplus financing capability in the last six years of Phases III and IV. AS illustrated in Tables 3.3A and 3.3B, proposed cycles of sequential bond issues for the maximum and reduced funding scenarios have been pegged to the incremental revenue curve; however unused bonding capacity has been reserved at every phase.

After the first bond issue in Phase I (covering five years of project activity), three additional issues are envisioned to fund remaining TIF District cost-shares for Phases II through IV. Based on anticipated rates of increment accumulation, the intervals between bond issues increase from two to three years and periods of redevelopment activity sustained by the funding increase from two to four years. The second bond issue in mid-1999, covering the first two years of Phase II, is constrained by increment growth and falls well below the amounts funded in the first bond issue. Two years later the available increment supports much larger third bond issue amounts while leaving surplus funding capacity in both funding scenarios.

The fourth and final bond issue, scheduled for mid-year of 2005, completes the funding for programmed activity through 2008 with reduced amounts of borrowing in both funding scenarios. As in the third bond issue, there is substantial surplus financing capacity in both scenarios. As shown in these conceptual TIF bonding scenarios, the maximum funding approach with strong local guarantees and a 6.5% rate of interest will support total bond issues of almost $40.7 million over a 10-year period while leaving unused bonding capacity of over $10.6 million in the last build-out year of 2008. The reduced funding scheme with weaker local government backing and interest rate of 8.0% might support total bond issues of almost $37.0 million, leaving unused capacity of over $14.7 million in the final build-out year.

General Implications of the Bonding Scenarios

This preliminary and highly conceptual financial planning for the TIF District offers some interesting evidence relating to the most profitable role of TIF bond financing in a blighted area with a historically weak tax base.

First, intelligent action programming and aggressive scheduling on a sustained basis can produce large tax base and annual revenue increments in a surprisingly short period of time. In these illustrative examples, surplus bonding capability becomes available within five years. On the other had, the TIF District cannot support more than 50% of the front-end public investment required to generate an exponential curve of tax base and revenue increments; strong external cost-sharing must be provided.

It might be argued that TIF District activity schedules and costs should be spread more evenly across all phases of private development build-out--especially to reduce the demand on non-TIF sources and increase the TIF District's percentage support of total public costs. However, such a strategy would produce a lower and flatter curve of tax base and revenue increments. There would be increased demand for short-term debt financing, and the margin of TIF District surplus capacity for meeting unanticipated redevelopment costs would disappear. It must be noted that the proposed implementation strategy produces unusually low overall public investment liability; there is little value to be gained by delayed action programs and/or transferral of costs to later stages.

Another implication of these illustrative scenarios is that aggressive and continuous implementation actions will open up a wide range of financial management options in the last half of the build-out period. The surplus of increment accumulation and/or bonding capacity will allow the following options: direct expenditures of annual increment without resort to expanded debt, reimbursements from the Trust Fund for extra cash support provided from the City of Miami or Dade County discretionary funds in the early phases; increased TIF District cost-sharing roles in the last two phases, thus reducing dependence on non-TIF program funds; and reserve capacity to finance any unanticipated cost increases for originally schedules action programs and/or to support "second-cycle" initiatives for unforeseen redevelopment and growth management needs. It is important to note that there will be some continuing deterioration in older facilities, as well as future public facilities and social impacts associated with successful redevelopment and population growth; these issues will have to be addressed during the amortization of the original TIF bonds.

Finally, these illustrative scenarios illustrate the merits of a broad inter-governmental redevelopment cost-sharing program from the perspective of the tax payers of the City of Miami and Dade County. By limiting the financing burdens of the TIF District in the early phases, the generated incremental revenue surplus beyond the debt service requirements will offer relatively early options for rebating unused Trust Fund resources to the general fund budgets of the City and Dade County. Fiscal impact projections described in Section 4.2 suggest that annual Trust Fund reserves must be maintained at a level of approximately $3.4-$3.5 million between 2006-25 to cover debt service entailed in the maximum and reduced funding scenarios. During this period excess revenues on an annual basis are projected in the range of $4.6 to $16.5 million, with small variations in the two funding scenarios. There is obviously room for rebating some of these surplus revenues on an annual basis while maintaining reserve capacity for additional projects financing.

Recommended Principles of TIF District Financial Management

In conclusion, the following main principles of TIF District financial management are recommended as the basis for the City of Miami and Dade County policies.

- Commitment to a jointly guaranteed TIF bond financing program with national bond market standards of primary and secondary sources of collateral--i.e., as illustrated in the maximum funding scenario in Table 3.3A.

- Employment of discretionary City and Dade County program funds to sustain strong early phase redevelopment initiatives while reducing the need for short-term borrowing. These funds could be reimbursed by the TIF District later on.

- Employment of the lowest cost short-term financing that can be obtained quickly for implementation start-up. The Section 108 loan guarantee program may be the appropriate mechanism, but the BANS option based on local financial institutions support may offer a faster start-up.

- Commitment of maximum aggressive efforts toward growth of tax base and revenue increments as required to achieve early financial reserves within the TIF District and provide flexible management options during and beyond the redevelopment build-out period.

4.0 OVERTOWN CRP TARGET AREA FISCAL IMPACT ANALYSIS

4.0 OVERTOWN CRP TARGET AREA FISCAL IMPACT ANALYSIS

This chapter presents an analysis of the projected local fiscal impacts of the Overtown Redevelopment Plan. Section 4.1 below represents a summary of the analysis presented in section 6.0 of the *Findings of Necessity* report. This section summarizes recent trends in taxable values and the potential growth of the tax base under the proposed redevelopment plan. The redevelopment effort is expected to generate a significant expansion of the tax base and produce enough tax increment revenues to support the bond financing of public improvements. The projected growth in the CRP area's tax base and its associated tax increments are presented in section 4.2. Bond financing scenarios are illustrated in section 4.3 of this report. The last section is devoted to estimating the potential impact of redevelopment on the need for additional services.

4.1 SUMMARY OF SIGNIFICANT TRENDS IN TAXABLE VALUES

Dade County tax assessor's data was used to identify trends in taxable property values. The planning study area was divided into several subareas, which are defined by physical boundaries.[11] The limited access highway system divides the area into four separate and weakly linked subareas. The subareas are also distinguished from one another by the predominant land uses found within each area. Differences in the distribution of property values across the subareas (in part) reflect differences in the composition of land uses.[12]

Subarea A is primarily a residential neighborhood and, in 1990, approximately 51 percent of the gross property value in this area originated from residential land uses. This area is distinguished from the other subareas by this feature. Thirty-four percent of the gross property value in area A is represented by what might be called *institutional* land uses (i.e., public property or health care). A relatively small proportion of property values is attributable to commercial and industrial uses.

Subarea B is also a predominantly a residential area, but a significant proportion of this area is devoted to public housing. Consequently, 66 percent of gross property value in 1990 in area B originated in *institutional* land uses. That is, a considerable amount of property in this area is exempt from advalorem taxes. Only 18 percent of the gross property value of area B represents (private) residential land uses.

---

[11]A map of the target area divided into subareas appears in chapter 6 of the *Findings of Necessity* report.

[12]Historical data on total assessed property values by land use categories are given in chapter 6 of the *Findings of Necessity* report.

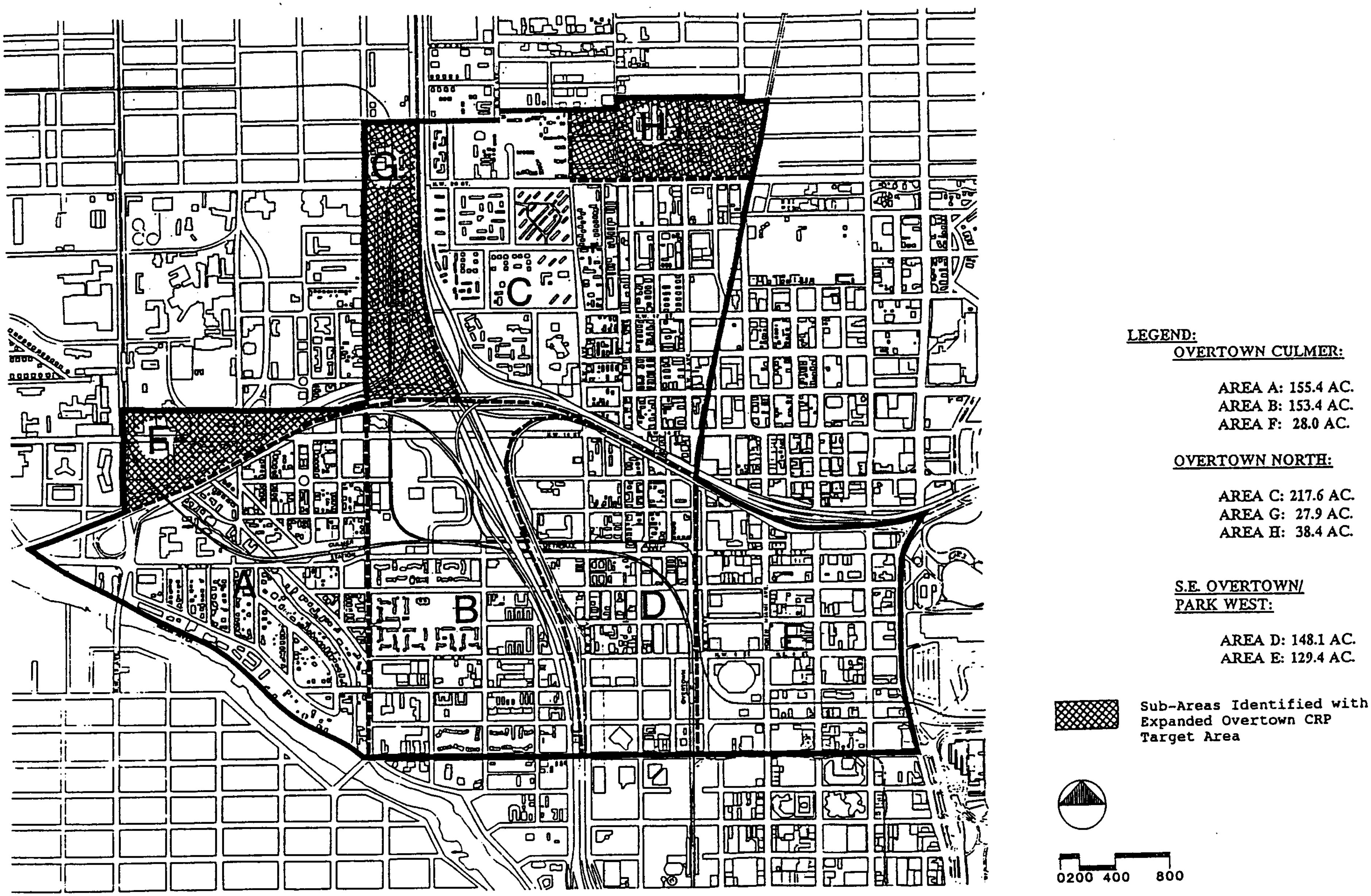


FIGURE 4.1 A: Sub-Areas Reference Map for Surveys and Action Program Data

Area C also has a relatively large number of public housing units. Private residential property accounts for 35 percent of total gross value, while *institutional* property accounts for 41 percent. Property values in Area C are also distinct from both areas A and B in that area C has a relatively higher proportion of value originating in industrial land uses.

Areas F, G and H are all relatively small areas that lie adjacent either to area A or to area C. By virtue of their size, it is not surprising that they are dominated by one or two types of land uses and the distribution of property values within these areas reflects this characteristic. Seventy-five percent of the gross property value in area F is accounted for by *institutional* uses. City government owns a very large tract of land, with an aging structure, in this area that is currently used for government office space. Area G also has a sizable fraction of its gross property value represented by *institutional* use, but 25 percent of gross value is represented by industrial property. Two-thirds of the gross property value in area H is represented by commercial and industrial properties. Only 11 percent of the gross value found in area H is represented by private residential uses.

Gross assessed property value within the proposed TIF district had a total assessed property value of $183.5 million in 1990. Yet public and other exempt property in the area accounted for over one-half of this total. Consequently, net assessed (or non-exempt) property value from which property tax revenues may be collected was $75.2 million in 1990.[13] The redevelopment plan includes the conversion of some public properties to productive private uses. The conversion of property from public to private ownership, after the TIF is created, will provide additional stimulus to the growth of tax increment revenues.

The three main areas of the Overtown redevelopment area (A, B and C) had a combined non-exempt value of $50.4 million in 1990. Sixty-four percent of non-exempt value represented the value of residential property, while 20 percent of the total represented the value of industrial property. The remaining non-exempt value accrued to commercial and other property (including vacant and parking). Non-exempt property values increased at an annual rate of 1.4 percent during the 1980's -- substantially below the general rate of price inflation -- in this area.

Non-exempt property values in areas F, G and H stood at $24.9 million in 1990. Twenty-four percent of the non-exempt value in these areas originate from residential property. Industrial property accounts for 32 percent of the non-exempt value, but most of the industrial property is found in area H on the northeast boundary of the study area. Commercial property accounts for 22 percent of the non-exempt value.

From 1980 to 1990, non-exempt property values in the combined areas of F, G and H grew at an annual rate of 7.2 percent. This rate of growth was between one and two percent higher than the general rate of price inflation.

---

[13]Net assessed property value has also been increasing at a much slower pace than gross value over the past decade.

The following table reveals the financial importance of areas F, G and H in the total TIF district. Although areas F, G and H encompass a much smaller land area than the combined areas of A, B and C, they contains a relatively greater amount of taxable property value. Property values in the former area are nearly 50 percent of those found in the latter area. The large amounts of public property found in areas A, B and C, as well as the predominantly residential character of that area,[14] account for the large difference between gross and taxable value in area "ABC".

Areas F, G and H are each of great importance to the redevelopment of the Overtown area. Area F has the potential for private commercial uses that compliment the U.M./Jackson Memorial medical center complex. Area G can develop light manufacturing and warehouse uses that serve the medical center complex or that are integrated with the health care service and medical research that is occurring there. Warehouse and industrial space in area H are more likely to serve the international trade activity that is expanding within the Port of Miami.

Net assessed property values within the Overtown Community Redevelopment Plan Target area during the 1980's grew at rates below the general rate of price inflation and much slower than rates experienced in the City and the County. This experience reflects the general state of economic decline and deterioration of physical structures suffered by this area over the past decade. Had property values within the target area grown at rates comparable to those observed in the city, asset values would be much higher than their current levels.

Between 1980 and 1990 net assessed property values in both City of Miami and Dade County grew at annual rates of approximately 5.7 percent. Property values within the proposed TIF district increased at the pace of 2.9 percent. Figure 4.1-B illustrates the relative growth performance of net assessed property values in the proposed TIF district compared to City and County values.

Figure 4.1-B illustrates the growth of property values that would have occurred in the Overtown CRP target area had property values increased at the same pace that actually occurred within the City of Miami as a whole. If non-exempt value between 1980 and 1990 had grown at the rates observed within the City of Miami, non-exempt value in the target area would have reached $102 million by 1990, or $27 million greater than their actual 1990 level.

---

[14]Residential property of course being subject to the homestead exemption.

Table 4.1: Trends in Non-Exempt Property Values

	Year						
	1978	1980	1982	1984	1986	1988	1990
Total Non-exempt Property Values of Proposed Tax Increment Finance District (Thousand $'s):							
Areas ABC (combined) only	33,546	44,073	45,542	47,011	47,269	49,649	50,384
Proposed TIF District *(Areas ABC, F, G and H combined)*	42,194	56,451	61,049	65,647	70,337	73,164	75,245
Annual Growth Rates in Non-exempt Property Values (Percent):							
Area A	--	19.8	7.8	6.7	−0.2	2.0	1.5
Area B	--	11.2	−1.2	−1.2	−0.4	4.7	0.2
Area C	--	12.0	−2.8	−3.0	1.1	2.2	−0.1
Area F	--	83.0	96.5	31.9	43.5	−0.0	2.1
Area G	--	19.1	5.3	4.8	3.6	1.5	−1.0
Area H	--	17.5	5.4	4.8	−1.6	1.6	4.5
Areas ABC (combined)	--	14.6	1.7	1.6	0.3	2.5	0.7
Areas ABC, F, G and H	--	15.7	4.0	3.7	3.5	2.0	1.4
Total Non-exempt Property Values (Million $'s):							
City of Miami*		6,058	7,211	8,391	9,231	9,807	10,533
Dade County*		33,899	40,627	44,791	48,545	51,940	58,549
Annual Growth Rates (Percent):							
City of Miami*		--	19.0	7.9	4.9	3.1	3.6
Dade County*		--	19.8	5.0	4.1	3.4	6.2

* Net-assessed property value for 1981 shown under column designated "1980".

Sources: Compiled from data provided by Metro-Dade County Planning Department, Research Division and County Tax Appraiser's Office.

Figure 4.1.B: Trends in Non-Exempt Property Value

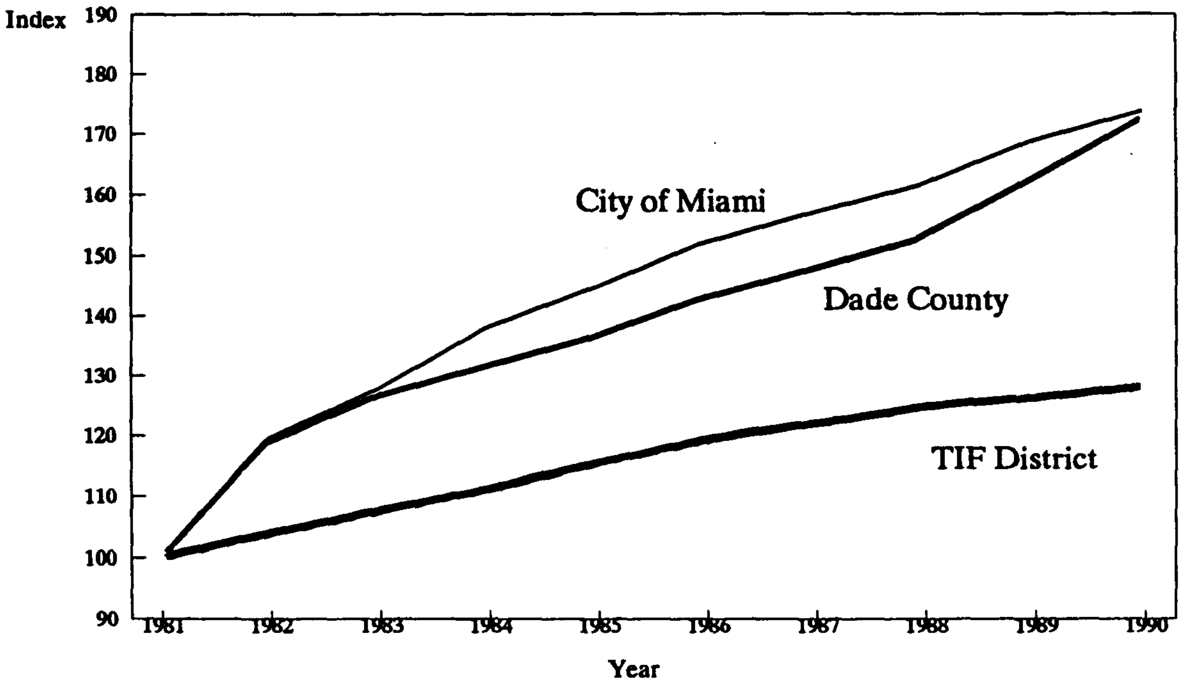
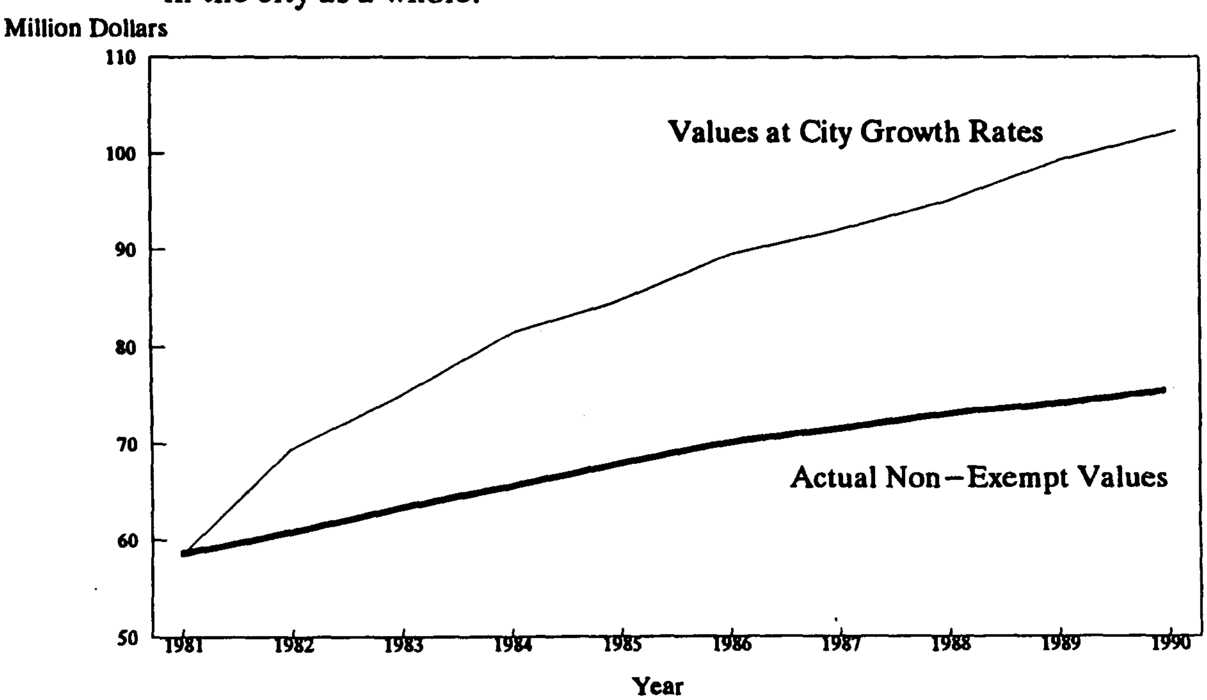


Figure 4.1.C: Comparison of actual non-exempt values in target area with those that would have occurred had values increased at the rate experienced in the city as a whole.



4.2 ANALYSIS OF POTENTIAL GROWTH OF AD VALOREM TAX BASE AND REVENUE INCREMENTS

The growth of the tax base projected under the maximum action scenario is sufficient to provide the tax increment revenues needed to service and repay debt issued to finance capital improvement projects, and to generate a substantial *payback* representing excess revenues that can be utilized by either the city or the county to support public spending in other areas. The projected impacts on the tax base (nonexempt taxable property values) and tax revenues are shown in Table 4.2.A.

Without redevelopment, the tax base of the CRP target area can expect to witness virtually no growth. In the 14 years between 1995 and 2009, the tax base would grow by only 22 percent or $17 million[15] without any redevelopment action. By contrast, the proposed redevelopment action is expected to lead to a $562 million increase in the tax base. The effects of the proposed redevelopment efforts, however, would be felt long before the end of the redevelopment action. By the end of Phase I (1999) the tax base is projected to grow to $151 million, representing an increase of $69 million between 1995 and 1999. Between 1999 and the end of Phase II (2002), the target area's tax base would increase by another $107 million (reaching a level of $258 million) under the maximum action scenario. By the end of Phase III (2005) the tax base is projected to reach $506 million.[16]

The increase in the tax base permits a substantial increase in tax revenues to the school board and other state agencies, as well as generating a large TIF contribution to support redevelopment efforts. By the end of Phase I, the redevelopment effort will have led to an increase in annual tax revenues to the school board and state taxing bodies of $650,000.[17] The additional revenues to TIF exempt taxing authorities during all of Phase I are projected at $1.5 million. Additional revenues of $3.7 million are projected to accrue during Phase II, and additional revenues of $9.3 are expected to accrue during Phase III. During Phase IV, an additional $14.3 million in revenue will be generated for exempt taxing authorities.

The tax base growth associated with the redevelopment effort will also generate significant TIF contributions. Initially, these TIF revenues will be needed to pay principal and interest on debt issued to finance public redevelopment investments. But as the redevelopment effort proceeds, an excess of TIF contributions will be available for "pay backs" (i.e., the transfer of excess funds back to city and county general government). Table 4.2.B presents a forecast of these excess revenues under two alternative financing strategies. The first alternative considers explicit pledges of city revenue sources for redevelopment bonds in order to achieve the highest

---

[15]This represents a rate of 1.4 percent per year.

[16]See Figure 4.2.A.

[17]School boards and state taxing bodies (like the S.F. Water Management District) are exempt from tax increment collections. The increase in tax revenues are based on the assumption of a constant millage rate of 9.603 mils for both the school board and other exempt authorities.

Table 4.2.A: Projected Impact on Ad Valorem Tax Base and Public Sector Tax Revenues

Column Headings:

1: Projections of Existing Tax Base Without Redevelopment ($,000)

2: Post Redevelopment Tax Base ($,000)

3–5: Current Operating Tax Revenue Without Redevelopment ($,000):
City (9.5995 mills), County (7.368 mills), School Board and State Taxing Bodies(9.603 mills).

6–8: Current Operating Tax Revenue Post–Redevelopment ($,000):
City, County, School Board and State Taxing Bodies.

9–10: City and County Contribution to the Tax Increment Fund ($,000).

11–13: Net Revenue Impact ($,000): City, County, School Board and State Taxing Bodies.

Year			Without Redevelopment			Maximum Action			TIF Contributions		Net Revenue Impact		
			City	County	Other	City	County	Other	City	County	City	County	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13
1995	78,413	81,376	753	578	753	781	600	781	39	30	–11	–8	28
1996	79,528	92,502	763	586	764	888	682	888	146	112	–21	–16	125
1997	80,661	108,829	774	594	775	1,045	802	1,045	303	232	–32	–25	271
1998	81,811	130,043	785	603	786	1,248	958	1,249	506	389	–43	–33	463
1999	82,978	150,667	797	611	797	1,446	1,110	1,447	704	540	–54	–42	650
2000	84,164	178,009	808	620	808	1,709	1,312	1,709	967	742	–66	–50	901
2001	85,368	208,856	819	629	820	2,005	1,539	2,006	1,263	969	–77	–59	1,186
2002	86,591	258,072	831	638	832	2,477	1,901	2,478	1,735	1,332	–89	–68	1,647
2003	87,832	313,761	843	647	843	3,012	2,312	3,013	2,270	1,742	–101	–77	2,170
2004	89,093	411,659	855	656	856	3,952	3,033	3,953	3,210	2,463	–113	–87	3,098
2005	90,373	506,216	868	666	868	4,859	3,730	4,861	4,117	3,160	–125	–96	3,993
2006	91,673	550,323	880	675	880	5,283	4,055	5,285	4,541	3,485	–138	–106	4,404
2007	92,993	595,471	893	685	893	5,716	4,387	5,718	4,974	3,818	–151	–116	4,825
2008	94,334	618,939	906	695	906	5,942	4,560	5,944	5,199	3,991	–163	–125	5,038
2009	95,696	643,335	919	705	919	6,176	4,740	6,178	5,434	4,170	–176	–135	5,259
2010	97,079	668,696	932	715	932	6,419	4,927	6,421	5,677	4,357	–190	–146	5,489
2011	98,483	695,061	945	726	946	6,672	5,121	6,675	5,930	4,552	–203	–156	5,729
2012	99,909	722,469	959	736	959	6,935	5,323	6,938	6,193	4,753	–217	–166	5,978
2013	101,358	750,961	973	747	973	7,209	5,533	7,211	6,467	4,963	–231	–177	6,238
2014	102,829	780,580	987	758	987	7,493	5,751	7,496	6,751	5,182	–245	–188	6,508
2015	104,324	811,372	1,001	769	1,002	7,789	5,978	7,792	7,047	5,409	–259	–199	6,790
2016	105,842	843,383	1,016	780	1,016	8,096	6,214	8,099	7,354	5,644	–274	–210	7,083
2017	107,383	876,660	1,031	791	1,031	8,415	6,459	8,419	7,673	5,890	–289	–222	7,387
2018	108,949	911,255	1,046	803	1,046	8,748	6,714	8,751	8,005	6,144	–304	–233	7,705
2019	110,540	947,220	1,061	814	1,062	9,093	6,979	9,096	8,351	6,409	–319	–245	8,035
2020	112,156	984,609	1,077	826	1,077	9,452	7,255	9,455	8,710	6,685	–334	–257	8,378
2021	113,797	1,023,478	1,092	838	1,093	9,825	7,541	9,828	9,083	6,971	–350	–269	8,736
2022	115,464	1,063,886	1,108	851	1,109	10,213	7,839	10,216	9,471	7,269	–366	–281	9,108
2023	117,157	1,105,895	1,125	863	1,125	10,616	8,148	10,620	9,874	7,579	–382	–294	9,495
2024	118,877	1,149,568	1,141	876	1,142	11,035	8,470	11,039	10,293	7,900	–399	–306	9,898
2025	120,625	1,194,971	1,158	889	1,158	11,471	8,805	11,475	10,729	8,235	–416	–319	10,317

Sources: Historical data by Metro–Dade County Planning Department, special computer run by Research Division. Projections by authors.

Note: Net revenue impact equal to the difference between operating tax revenue after redevelopment and without redevelopment, less the tax increment contribution.

Table 4.2.B: TIF Collections, Debt Service and Excess Revenues Available for Redevelopment Under Alternative Financing Strategies.

Year	TIF Revenues	Bond issues at 6.5% interest. Amount Issued	Debt Service	Excess Revenues	Bond issues at 8% interest. Amount Issued	Debt Service	Excess Revenues
1995	69	0	0	69	0	0	69
1996	258	0	0	258	0	0	258
1997	535	0	0	535	0	0	535
1998	895	12,132	0	895	10,611	0	895
1999	1,245	0	983	262	0	983	262
Phase I	3,001	12,132	983	2,018	10,611	983	2,018
2000	1,709	8,669	983	726	7,630	983	726
2001	2,232	0	1,685	547	0	1,689	542
2002	3,067	12,750	1,685	1,382	11,996	1,689	1,378
Phase II	7,007	21,419	4,354	2,654	19,626	4,362	2,646
2003	4,012	0	2,755	1,257	0	2,832	1,180
2004	5,673	0	2,755	2,918	0	2,832	2,841
2005	7,277	7,128	2,755	4,522	6,738	2,832	4,446
Phase III	16,962	7,128	8,265	8,697	6,738	8,495	8,467
2006	8,026	0	3,393	4,633	0	3,508	4,518
2007	8,792	0	3,393	5,399	0	3,508	5,284
2008	9,190	0	3,393	5,797	0	3,508	5,682
Phase IV	26,008	0	10,178	15,830	0	10,524	15,484
2009	9,604	0	3,393	6,211	0	3,508	6,096
2010	10,034	0	3,393	6,642	0	3,508	6,526
2011	10,482	0	3,393	7,089	0	3,508	6,974
2012	10,947	0	3,393	7,554	0	3,508	7,439
2013	11,430	0	3,393	8,037	0	3,508	7,922
2014	11,933	0	3,393	8,540	0	3,508	8,425
2015	12,455	0	3,393	9,062	0	3,508	8,947
2016	12,998	0	3,393	9,606	0	3,508	9,490
2017	13,563	0	3,393	10,170	0	3,508	10,055
2018	14,150	0	3,393	10,757	0	3,508	10,642
2019	14,760	0	3,393	11,367	0	3,508	11,252
2020	15,395	0	3,393	12,002	0	3,508	11,887
2021	16,054	0	3,393	12,661	0	3,508	12,546
2022	16,740	0	3,393	13,347	0	3,508	13,232
2023	17,452	0	3,393	14,060	0	3,508	13,945
2024	18,193	0	2,410	15,784	0	2,525	15,668
2025	18,964	0	2,410	16,554	0	2,525	16,439
Total 2009 to 2025	233,194	0	64,461	168,733	0	66,651	166,543

Notes: Bonds are issued at mid−year, with repayment of principal and interest beginning in the subsequent year. The first two issues have 25 year terms, and the terms of subsequent issues are such that they mature at year end 2025. All money amounts are in thousands of dollars. Projections by authors.

bond rating and the lowest interest rates. The first financing strategy shows bonds issued at 6.5 percent. The second alternative is based on no pledge of identified revenue sources, a less favorable bond rating, and, therefore, a higher interest rate of 8.5 percent.

The main difference between these alternative scenarios lies with the total amount of debt that is issued to finance redevelopment capital spending projects. Approximately $2.0 million in excess revenues (i.e., TIF revenues in excess of debt service obligations) are projected to be generated during Phase I (1995-99). These excess revenues should be used to support redevelopment efforts in the CRP target area, but can be used to compensate non-exempt taxing bodies for the loss of tax revenues resulting from the creation of the TIF district. During Phase II (2000-2002) of the redevelopment plan, an additional $2.7 million in excess revenues are projected. Excess revenues of $8.7 million during Phase III, and $15.8 million during Phase IV are projected. (See Table 4.2.B. and Figure 4.2.B.)

Figure 4.2A: Redevelopment Impact on Tax Base of CRP Target Area

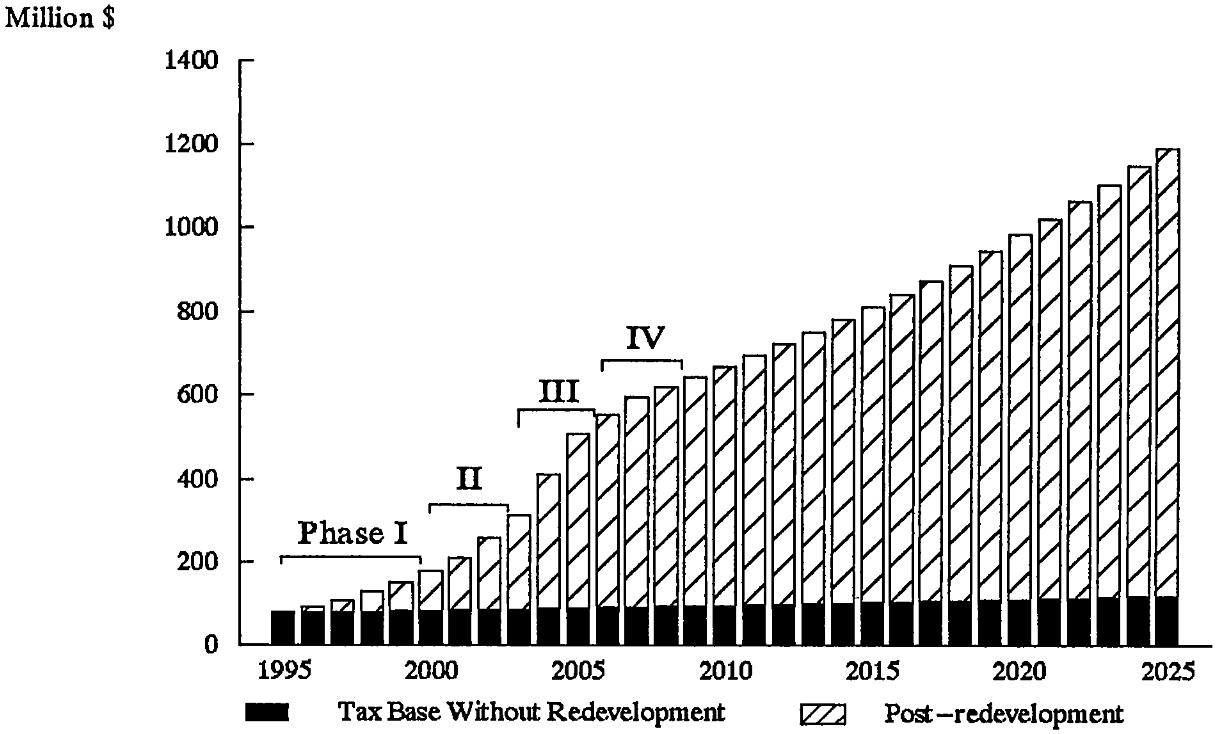
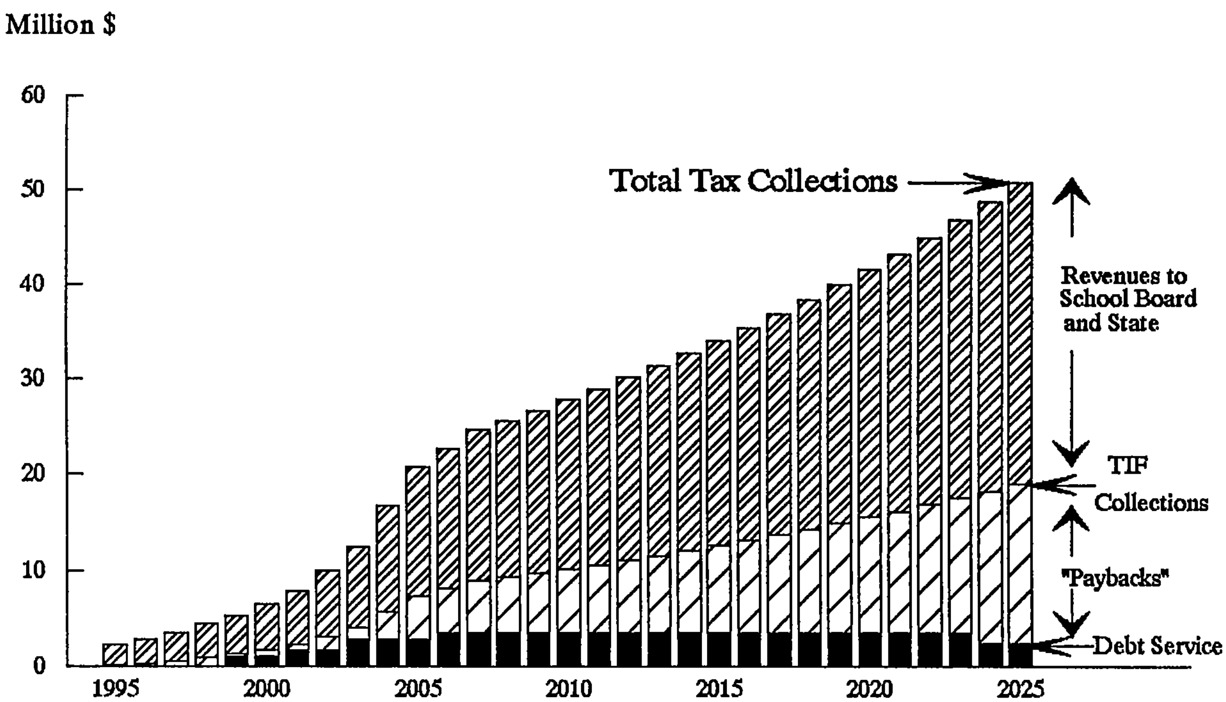


Figure 4.2.B: Redevelopment Impact on Tax Revenues--Max. Action/Max. Funds



4.3 ANALYSIS OF CRP/TIF DISTRICT BONDING CAPACITY AND ALTERNATIVE TIF BOND FINANCING SCENARIOS

The previous sections indicated the potential growth of non-exempt taxable property and tax revenues that could be anticipated as a result of redevelopment efforts. Part of the additional tax revenues are dedicated to the proposed Tax Increment Finance district, and can be utilized to support the issuance of debt issues. Such debt issues represent an important aspect of the financing of redevelopment efforts, particularly public infrastructure improvements that are either necessary to support residential and nonresidential property development or otherwise enhance neighborhood conditions.

The amount of total debt that can be supported with tax increments depends upon the interest rate at which bonds can be sold, and the length of time over which the repayment of such bonds will be amortized. In addition, tax increments must exceed actual debt service payments to insure that unforeseen fluctuations in tax collections do not disrupt the flow of interest and repayment obligations.[18] If an alternative revenue source is pledged to pay debt service on tax increment bonds, then such bonds can be sold in the financial markets at interest rates that are substantially lower than what would be required in their absence. Consequently, two financing scenarios or strategies have been considered.

The preferred strategy calls for the City of Miami to pledge a particular revenue source for the repayment of TIF bonds, even though the projected tax increments are sufficient to service the TIF bonds. This pledge results in a projected interest rate of 6.5 percent per year on TIF bonds of varying maturity dates.[19] A *fall-back* strategy has also been considered where no pledge of an alternative revenue source is made. In the latter case, the TIF bonds carry a higher interest rate of 8.5 percent.

The difference in interest rates result in significant differences in the amount of debt that can be issued to support redevelopment efforts. These differences can be seen by comparing the columns labeled "bonding capacity" and "cumulative debt capacity" appearing in Tables 4.3.A and 4.3.B. Between 1995 and 2008 at total of nearly $93 million of debt could be issued (and repaid) if interest rates on TIF bonds are 6.5 percent. If TIF bonds, however, carry an interest rate of 8.5 percent, then the total amount of debt that could be supported between 1995 and 2008 would be $82 million.

---

[18]Typically tax increment collections must exceed debt service obligations by 25 percent.

[19]TIF collections are limited to a period of 30 years after the first year in which positive tax increments occur. Therefore, bonds which are issued later into the redevelopment process typically have shorter maturity lengths than those that have been issued at the start of the redevelopment program.

Table 4.3.A: Tax Increment District Bond Issuing Capacity at 6.5 Percent

Year	TIF Revenues Collections ($,000)	TIF Revenues Available For Debt Service (1)	Bond Issuing Capacity (2) ($,000)	Cummulative Debt Capacity
1995	69	55	0	0
1996	258	206	0	0
1997	535	428	0	0
1998	895	716	12,982	12,982
1999	1,245	996	0	12,982
2000	1,709	1,367	9,238	22,220
2001	2,232	1,786	0	22,220
2002	3,067	2,454	17,144	39,364
2003	4,012	3,210	0	39,364
2004	5,673	4,538	0	39,364
2005	7,277	5,822	43,318	82,683
2006	8,026	6,421	0	82,683
2007	8,792	7,033	0	82,683
2008	9,190	7,352	10,659	93,342
2009	9,604	7,683	0	93,342
2010	10,034	8,027	2,454	95,796

Notes: 1. Allows for debt service coverage ratio of 1.25 (ie, TIF revenues / 1.25).
2. TIF contibutions are limited to a 30 year period beginning from the first year that a positive increment is experienced. The maturity length of the TIF bonds are given by the smaller of 25 years or the difference between the issue date and the year 2025. Bonds issued toward the end of the redevelopment period have shorter terms than those issued earlier in the redevelopment program.

Source: Authors.

Figure 4.3.A: TIF District Cummulative Bonding Capacity at 6.5 % Rate

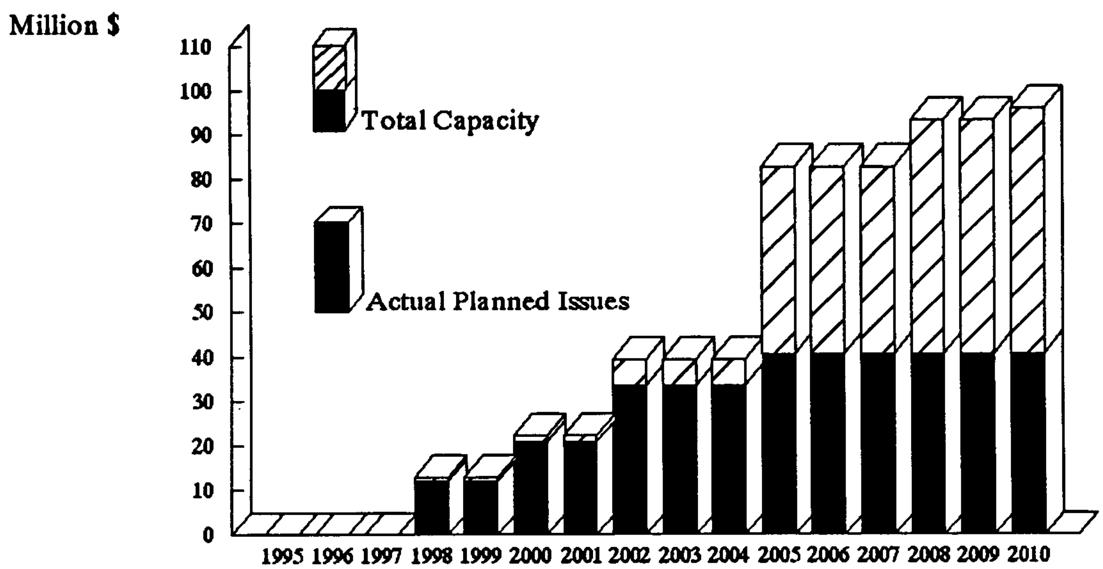


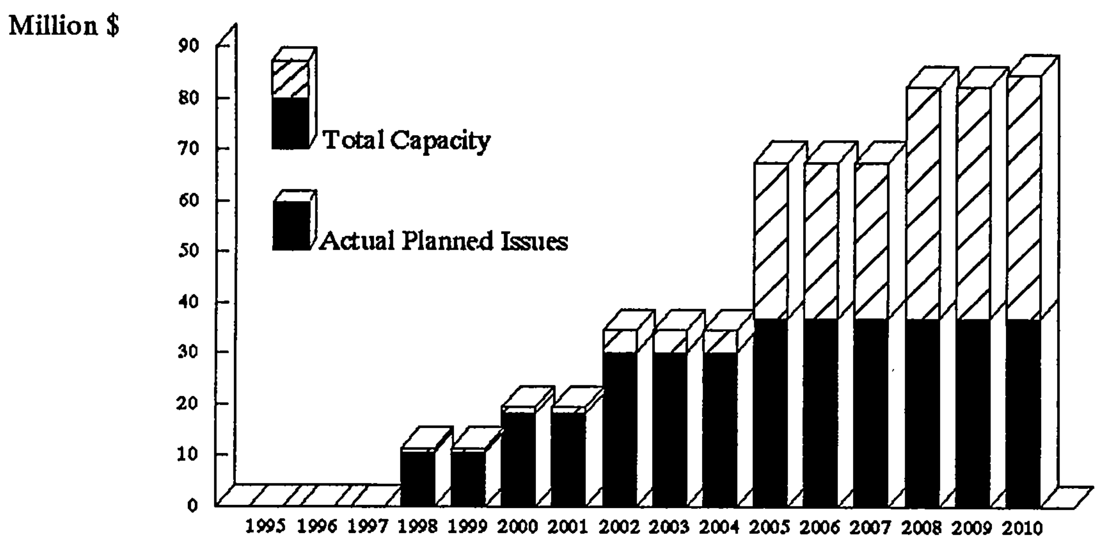
Table 4.3.B: Tax Increment District Bond Issuing Capacity at 8.0 Percent

Year	TIF Revenues Collections ($,000)	TIF Revenues Available For Debt Service (1)	Bond Issuing Capacity (2) ($,000)	Cummulative Debt Capacity
1995	69	55	0	0
1996	258	206	0	0
1997	535	428	0	0
1998	895	716	11,357	11,357
1999	1,245	996	0	11,357
2000	1,709	1,367	8,082	19,439
2001	2,232	1,786	0	19,439
2002	3,067	2,454	15,105	34,544
2003	4,012	3,210	0	34,544
2004	5,673	4,538	0	34,544
2005	7,277	5,822	33,105	67,649
2006	8,026	6,421	0	67,649
2007	8,792	7,033	0	67,649
2008	9,190	7,352	14,753	82,402
2009	9,604	7,683	0	82,402
2010	10,034	8,027	2,237	84,639

Notes: 1. Allows for debt service coverage ratio of 1.25 (ie, TIF revenues / 1.25).
2. TIF contibutions are limited to a 30 year period beginning from the first year that a positive increment is experienced. The maturity length of the TIF bonds are given by the smaller of 25 years or the difference between the issue date and the year 2025. Bonds issued toward the end of the redevelopment period have shorter terms than those issued earlier in the redevelopment program.

Source: Authors.

Figure 4.3.B: TIF District Cummulative Bonding Capacity at 8.0 % Rate



The redevelopment financing plans under both scenarios call for debt issues that are much smaller than the maximum amount that could be supported with the projected tax increments. Yet, in the early years of the redevelopment plan (which are crucial for developing a positive redevelopment momentum), the alternative financing strategies have the important effect of limiting the amount of capital improvements that can be financed with debt issues. The first year in which TIF bonds are sold is 1998. Under the preferred financing strategy (i.e., the one that includes alternative revenue pledges) $12.9 million of TIF bonds could be issued in 1998, but under the fall-back strategy only $11.3 million of bonds could be issued. A similar constraint is binding in 2000, when the second TIF bond issues is scheduled. In that year there is a cumulative debt capacity of $22.2 million under the preferred strategy, as compared with $19.4 million under the fall-back strategy.

4.4 FISCAL IMPACT OF ADDITIONAL SERVICES FOR OVERTOWN CRP TARGET AREA

The redevelopment plan envisioned for the Overtown target area is designed to increase the resident population of this area, as well as increase the level of employment in the area. The planned increase in population and employment, however, are not seen as representing a **net** increase in the population or employment of Dade County, but rather as guiding the future growth of Dade County to a centrally located and established neighborhood. The fundamental change foreseen for the target area is generally one of *neighborhood quality*, rather than one of density or intensity of development. The basic public infrastructure of the Overtown CRP target area is of sufficient capacity to meet the needs of current and projected population and employment.

If, indeed, the redevelopment planned for the Overtown CRP target area represents a realignment of residential and employment locations within the county and not a net increase in either of those two variables, then the fiscal impact resulting from providing services to the projected population will be relatively small. To the extent that redevelopment leads to increased incomes and reduced poverty, the cost of providing public services to the target area population could actually decline (after adjusting for inflation).

If the redevelopment plan, however, does result in a positive net increase in resident population, then the additional cost of providing public services should be similar to those experienced as a result of a general increase in population. The average costs of providing services in Dade County has been calculated at approximately $693 per resident (see Table 4.4). These costs do not include those services whose costs are recovered through user fees, or costs associated with financing public debt. In addition, the cost incurred by the School Board are not included in the above estimate. While the marginal cost of providing services to new residents should be less than the average cost, we have used the average cost in our calculations in order to conservatively estimate potential fiscal impacts. The redevelopment plan recognizes a net increase of nearly 2,900 residents within the target area by the time of build-out (2008). Providing public services to these additional residents could result in additional expenditures of nearly $2 million per year if the redevelopment causes net growth for Dade County.

Table 4.4: Fiscal Impact of Additional Residents in CRP Area

Average Cost of Services Per Resident Per Year:	
General Government	$173.35
Protection of People and Property	306.10
Transportation	28.51
Health	119.73
Socio-economic Environment	22.77
Other	42.05
Total	$692.51
Projected Population at Build Out	13,899
Current Population in CRP District	11,046
Net Population Increase	2,853
Expenditure Impact of Additional Residents (Million $, per Year)	$1.98

Note: Average cost of services estimates based on actual expenditures by Metro-Dade County for fiscal year ending September 30, 1991. No adjustment for price inflation between 1991 and projected build-out at 2007 has been made in determining expenditure impact. Therefore, projected expenditure impact should be interpreted to be in 1991 dollars.

5.0 ASSESSMENT OF RELATED ECONOMIC IMPACT OF OVERTOWN CRP IMPLEMENTATION

5.0 ASSESSMENT OF RELATED ECONOMIC IMPACT OF OVERTOWN CRP IMPLEMENTATION

Dade County's economy during the 1980's was not as strong as it had been in the previous decade. Its recent performance stands in sharp contrast to its economic success during the latter half of the 1970's. The economy of the City of Miami, moreover, has experienced serious difficulties and has demonstrated some particularly disturbing negative trends. Both the city's and the county's industrial base have shrunk, even while manufacturing activity throughout the state has experienced positive growth. Per capita income in the City of Miami has actually declined between 1980 and 1990, after adjusting for price inflation. Per capita income in the county as a whole was practically unchanged from a decade earlier. The non-residential component of the proposed redevelopment plan is designed to contribute to a reversal of the negative trends observed in the local economy.

If local manufacturing activity is to remain viable in the coming decade, then it must be able to adapt to a changing world economy. The future of manufacturing industries will undoubtedly be shaped by the increasing *globalization* of production. That is, in the years ahead it will become increasingly difficult to identify the geographic origin of a particular product as various components will be manufactured in various locations throughout the hemisphere (perhaps throughout the world). It is becoming more apparent that regional trading blocs, created through such mechanisms as the North American Free Trade Agreement (NAFTA), the European Community (EC), and similar regional agreements, will become important determinants of the international pattern of production. Manufacturing firms within the U.S. will have to adapt to this changing business environment by finding and exploiting their competitive advantages. These advantages will most certainly be found in advanced technologies, rather than in labor intensive production activities. Developing a highly skilled workforce is an obvious co-requisite for the expansion of technologically advance manufacturing activity.

In light of these future pressures, the proposed redevelopment plan envisions the creation of research and development intensive activities that are linked to the nascent biomedical/biotechnical activities within the nearby U.M./Jackson Memorial Medical Center complex. The redevelopment plan also includes office and hotel space which is linked to this important employment center.

Education and education related activities will not only be essential for creating a viable future niche for manufacturing industries, but will also continue to be the only truly effective vehicle for economic advancement. Given the dual importance of education, the proposed redevelopment plan calls for the expansion of education related activities near the Culmer (Metrorail) Station and Booker T. Washington sites. Small business development, technology transfer and skills training are among the activities to be housed within newly constructed or rehabilitated non-residential structures.

A large component of the redevelopment plan is, of course, related to the preservation, enhancement and construction of housing within the Overtown CRP target area. Commercial activities that support residential land uses are, therefore, also a significant component of the community redevelopment plan. The plan intends that current small scale businesses (and new small businesses) from within the Overtown area fully participate in the projected increase in demand for products and services. Revitalizing small scale commercial activity within Overtown is a principal objective of the overall redevelopment effort.

5.1 OVERVIEW OF SIGNIFICANT TRENDS IN THE DADE ECONOMY

During the last decade Dade County experienced moderate economic growth, although the economy was subject to considerable volatility. Private employment between 1980 and 1989 grew at an annual rate of just under 2 percent per year, but the national recessions of 1982 and 1991 were particularly hard felt in Dade County. In 1982, the level of private sector employment declined by nearly 5 percent, and the economic recession continued into 1983, well after the national economic recovery was underway. In 1983, employment fell once again (-1 percent). Economic recovery finally took hold in 1984, and in that year employment levels nearly regained the ground lost in both 1982 and 1983. Steady gains in employment were experienced between 1984 and 1990, but in 1991 the local economy once again witnessed a sharp decline in employment. The local economy once again reflected the pressures of national economic recession in 1991. (See Figures 5.1.A and 5.1.B.)

Despite its relatively poor performance when compared with the late 1970's, the local economy did reveal an underlying strength. Dade's economy has continued to grow even while it had to absorb successive waves of foreign immigration throughout the 1980's. Immigration, however, appears to have adversely affected labor market conditions. Throughout the last decade Dade County's unemployment rates usually exceeded national unemployment rates, and always exceeded Florida's unemployment rate. By 1989 Dade County's unemployment rate exceeded the national rate by nearly a full percentage point, and by 1991 the gap had increased to two percentage points. Dade experienced double digit unemployment rates in 1992.

Dade's manufacturing industry has seen a particularly poor performance in the 1980's. Growth in the average income earned in manufacturing slowed sharply in the latter half of the 1980's, and actually declined in real terms (after inflation). During the first half of the last decade Dade employment in manufacturing fell at a rate of 2 percent per year and at a rate of 1 percent per year in the second half of the decade. The fate of manufacturing industries in Dade is a crucial determinant of this area's long term economic vitality.

Manufacturing activity has traditionally been an important vehicle for upward economic mobility. Without industries that offer the potential for improving the living standards of disadvantaged groups, minorities may find themselves "trapped" in low paying service jobs. This situation undoubtedly contributes to a sense of frustration which may become evident in other social problems.

Figure 5.1.A. Employment Growth Trends in Dade County

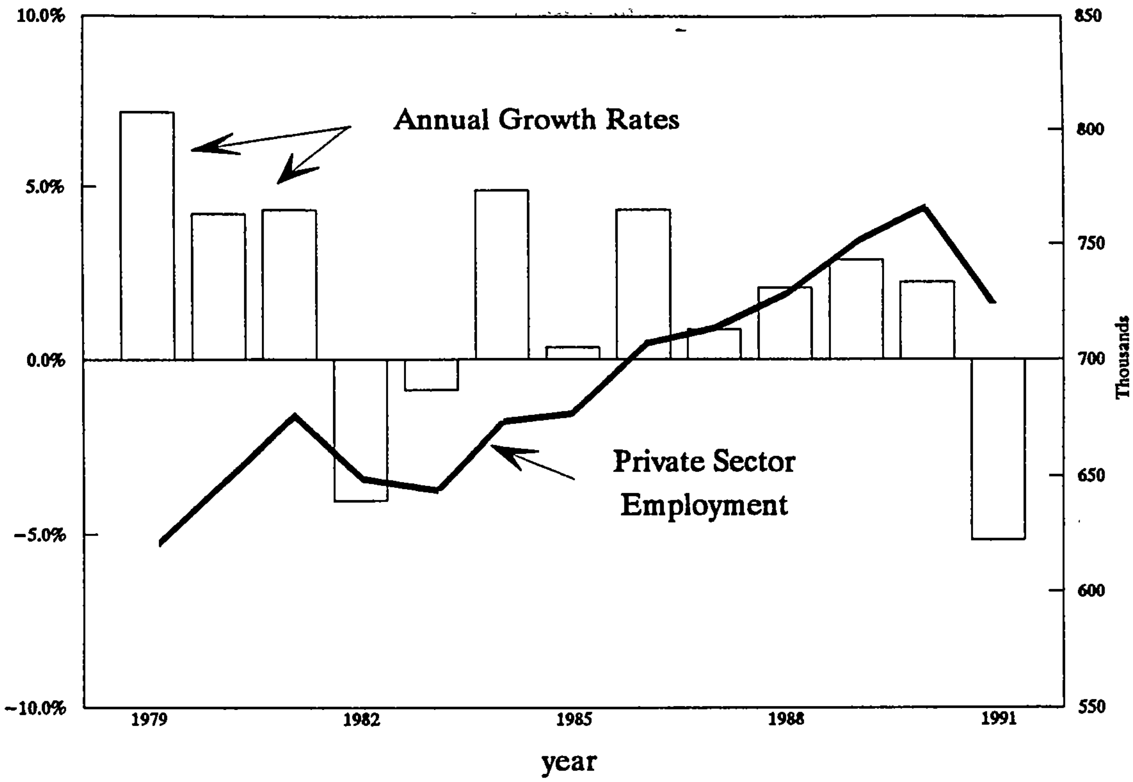


Figure 5.1.B. Unemployment Rates

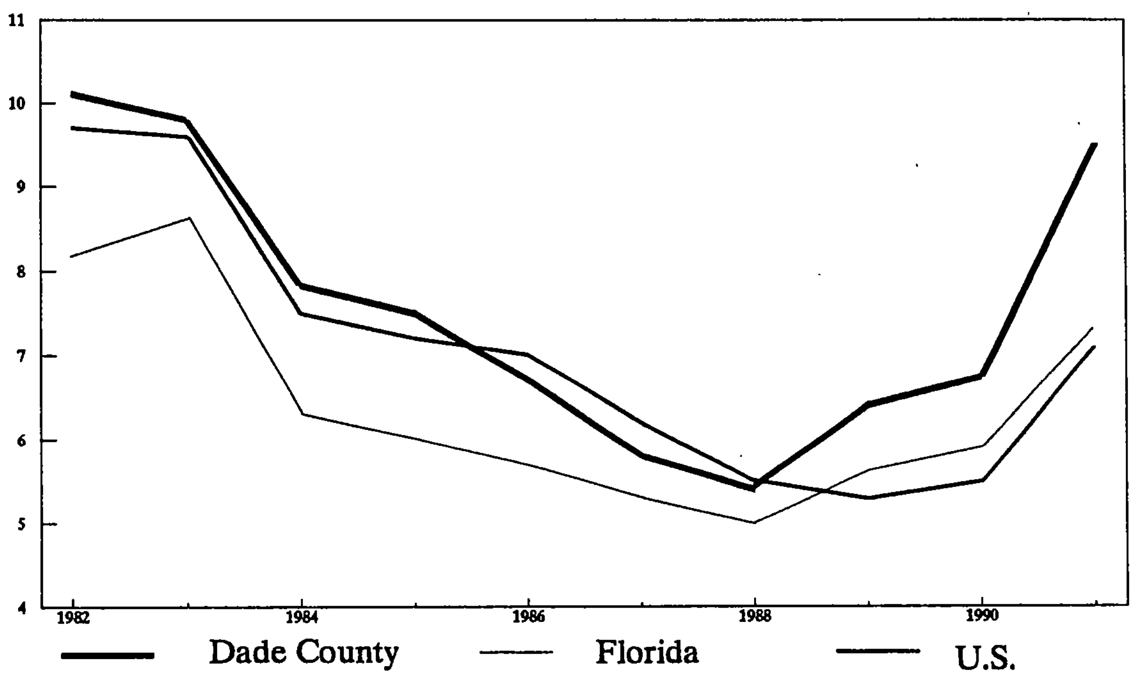


Table 5.1. Dade Employment Growth (Annual Average)

Sector	1980-85	1985-90
Agriculture	3.2	2.1
Mining	4.8	11.5
Construction	-2.5	0.3
Manufacturing	-2.2	-0.9
Transportation and Utilities	-0.9	0.7
Wholesale Trade	1.1	4.0
Retail Trade	2.2	1.9
Finance and Insurance	4.0	3.9
Real Estate	0.1	3.4
Hotel and Lodging	-1.8	1.3
Personal Services	-0.2	1.1
Business Services	4.6	4.3
Legal Services	6.1	4.6
Health Care	0.9	6.7
Others	2.8	4.6
TOTAL NON-AGRICULTURAL PRIVATE EMPLOYMENT	0.9	2.5

Source: U.S. Department of Commerce, Bureau of the Census, County Business Patterns.

The current recession has been reflected in across-the-board declines in employment. Employment growth in retail services and transportation, two of Dade's largest sectors has been particularly sluggish. Construction and manufacturing employment continue to decline, while the long term labor market effects of Hurricane Andrew are still uncertain.

5.2 ECONOMIC IMPACT OF THE PROPOSED REDEVELOPMENT PLAN

The proposed redevelopment plan's economic impact can be differentiated into two types of effects. The first effect results from the physical construction of public and private buildings, ancillary facilities, and public infrastructure. Construction activities under the plan will continue over a 14 year period, and, thus, while construction related jobs are generally considered as being temporary, the long term commitment to the redevelopment of this area will ensure a steady stream of construction and related employment for many years. The second effect stems from the utilization of non-residential space and it effects on employment. The jobs created under the second type of effect are considered to be of a permanent character.

The total economic impact from the proposed redevelopment plan is estimated to increase employment by nearly 5,900 jobs per year, income by $120 million per year, and gross sales by $196 million per year.

Construction Activity Impact

The projected economic impact of redevelopment construction activity is presented in Table 5.2.A. It is estimated that approximately $227 million of construction expenditures over the plan's entire time horizon are necessary to realize the proposed redevelopment scheme under the *maximum action* scenario. On the average, therefore, $16.3 million of construction expenditures per year are projected, and approximately $8.9 million of this amount will be spent on labor. This annual construction payroll can be expected to yield nearly 600 jobs per year. An additional 150 jobs can also be expected via the purchase of goods and services needed to support this construction activity and from the additional spending of employee incomes. It is projected that over the entire redevelopment action nearly 10,400 man-years of employment will be generated.

The additional direct and indirect employment effects are seen as leading to an additional $11.2 million of gross personal income. The payroll multiplier coefficient is taken as 1.26, which is a typical value for a small regional economy like Dade County's. Over the entire redevelopment period an additional $156 million in personal income is generated through construction activity alone. The direct and indirect impact on local sales resulting from construction activity is projected to reach nearly $15 million per year, and $208 million over the redevelopment action's time horizon.

The magnitude of construction activity, as well as the length of time over which the redevelopment program is to be implemented, presents an opportunity to create employment for existing Overtown residents. Together with the assistance of the local school system, Overtown

Table 5.2.A. Economic Impact of Redevelopment Construction Activity

Employment Impact	
Average Construction Expenditures Per Year (Million $)	$16.3
Average Construction Payroll Per Year (Million $)	8.9
Direct Construction Employment (Average Per Year)	596
Indirect Employment Impact (Average Per Year)	149
Total Employment Impacts (Average Jobs Per Year)	745
Total Employment Impact Over 14 Year Building Program	10,427
Impact on Local Personal Income Per Year (Million $)	$11.2
Impact on Personal Income Over 14 Year Building Program (Million $)	156.4
Impact on Local Sales Per Year (Million $)	$14.8
Impact on Spending Over 14 Year Building Program (Million $)	207.7

Note: Expenditure and Income figures are expressed in constant value 1992 dollars.
Projections by authors.

residents should be provided with formal training in the construction trades, while being offered employment by private construction firms hired on public contracts. In this manner the participant earns income while receiving post-secondary education. The focus should be one of qualifying local residents for state licenses in the construction trades. Local residents trained in such programs will be able to find employment in the regional construction industry, or become owner-operators of their own construction firms. Residents who receive formal training could be required to serve the Overtown community by performing remodeling and repair work for low income homeowners on a volunteer basis.

Commercial Redevelopment Impact

The proposed redevelopment plan includes a net increase of approximately 700,000 square feet of *occupied* non-residential building space. There are approximately 1.7 million square feet of existing commercial and industrial space within the proposed Overtown CRP target area. Nearly 20 percent of this space, however, appears to be vacant. Nearly 1.3 million square feet of this

Table 5.2.B. Economic Impact of Preservation and New Construction of Non-Residential Structures in Overtown CRP Target Area

Current Conditions	
Non-residential building space (sq. feet)	1,727,000
Vacant space	29,359
Occupied space	1,697,641
Estimated Annual Employment (jobs)	5,594
Estimated Annual Payroll (thousand $)	$75,519
Estimated Annual Spending by Employees (thousand $)	$69,477
Redevelopment Action	
Preserved or Newly Constucted Non-residential space (sq. feet)	2,545,000
Vacant space	153,000
Occupied space	2,392,000
Estimated Annual Employment (jobs)	9,760
Estimated Annual Payroll (thousand $)	$164,700
Estimated Annual Spending by Employees (thousand $)	$143,289
Net Economic Impact	
Net increase (+) or decrease (−) in:	
Occupied building space	694,359
Direct Annual Employment (jobs)	4,166
Direct Annual Payroll (thousand $)	$89,181
Indirect Effects:	
Annual Employment (jobs)	1,042
Annual Payroll (thousand $)	$19,620
Total Impact:	
Annual Employment (jobs)	5,208
Annual Payroll (thousand $)	$108,801
Annual Sales (thousand $)	$181,231

Notes: All money amounts are expressed at constant value 1992 dollars. Estimates and projections by authors.

existing space appears to warrant preservation through renovations and enhancements,[20] while and additional 1.3 million square feet of commercial/office/industrial space is proposed under the maximum redevelopment action scenario. The development of new space, together with an anticipated reduction in vacancy rates, results in the substantial increase in occupied non-residential space by the end of the redevelopment plan's implementation schedule. The larger volume and more effective utilization of this space is projected to lead to a net gain of approximately 4,200 jobs within the target area. (See Table 5.2.B.)

The increase in annual payroll resulting from the expected net increase in employment is projected to reach nearly $90 million (measured in constant value 1992 dollars). The direct increase in employment and payroll can also be expected to yield indirect gains, as the additional output produced by these workers increase demands on other industries that supply products to these firms and by the anticipated increase in spending from additional labor income. The indirect effects lead to an additional gain of approximately 1,000 jobs and $20 million in annual income. The total projected economic effect of the proposed redevelopment plan (excluding the construction impact discussed previously) can be summarized as a net increase of 5,200 jobs, $109 million in payroll, and $181 million in gross sales per year.

The business and institutional uses proposed for the Overtown CRP target area are responsive to both the needs of the residential revitalization that is being proposed, and the need for integrating Overtown's business activities with the opportunities resulting from a changing business environment.

Several mixed-use projects are proposed in the redevelopment plan which call for lower level (consumer related) commercial activities within mid-rise multifamily residential structures. A community health care center along with enhancements to local recreational facilities is seen as an important supporting element to the revitalization of residential areas.

Commercial space that can be utilized as laboratories, manufacturing of prototypes, and offices for scientific research has also been envisioned for the area near the medical center complex. A small business development center, along with specialized research and development office uses is recommended near the Culmer Station/Booker T. Washington School complex for is linkages to both the medical center and downtown. A hotel/conference facility that is linked with the institutional activities that are occurring within the old Civic Center and U.M./Jackson Memorial Medical Center is also planned.

The consumer oriented commercial uses that are being proposed are seen as fostering the expansion and development of business opportunities for Overtown's existing business community, while the office, hotel and institutional uses are seen as providing a linkage between educational/training programs and the competitive business activities of the future. The larger

[20]The actual amount of space that should be renovated will be determined by detailed architectural and engineering inspections.

aim is to rejuvenate local business and provide the youth of Overtown with the opportunity to participate in the growing and highly productive and remunerated occupations of the future.

5.3 ECONOMIC DEVELOPMENT PROGRAMS

Table 5.3: Projected Needs and Sources of Jobs for Current Target Area Residents

	Estimates		*Projected*	
	Currently Employed	Currently Unemployed (Needs)	Jobs Created Through Redevelopment	Employment Gap
Executives, Managers and Professionals	215	21	842	821
Technicians	78	7	639	632
Sales	235	78	666	588
Administrative Support and Clerical	635	159	1,098	939
Production and Transportation	846	329	296	−33
Handlers, Cleaners and Laborers	417	224	123	−101
Household Services	326	127	96	−31
Other Services	1,374	659	406	−253
Total	4,126	1,604	4,166	
Employment Gains From:				
Reducing Vacancy Rate of Preserved Non−residential Space and Increasing Share of Commercial Space in Total Space			488	
Net New Construction			3,678	

Notes: Unemployed include discouraged workers. Employment and unemployment estimates are based on 1990 population and authors' estimates of normal labor force participation and actual unemployment rates. "Net New Construction" equals New Construction minus losses due to attrition, demolition or renovation. "Employment Gap" is the difference between jobs created and unemployment. A negative value of the employment gap implies that the redevelopment action alone will not be sufficient to fully absorb those unemployed. An additional 419 jobs, mainly in lower skilled occupations, will be needed. Estimates and projections by the authors.

In order to meet the employment needs of the current population of the Overtown CRP target area, traditional as well as innovative economic development programs will be needed to complement the redevelopment program. Under the maximum action scenario, an additional 400 jobs would be needed to meet the estimated employment needs of present Overtown residents. The redevelopment plan does not lead to enough employment growth in lower skilled occupations to meet the needs of the currently unemployed. (See Table 5.3.) More than sufficient jobs, however, are generated in higher skilled occupations. The challenge, therefore, is to compliment the physical redevelopment with economic development programs.

We have previously mentioned the creation of "construction battalions" that would provide employment opportunities while teaching construction trades to Overtown residents. The Dade School Board and/or Miami-Dade Community College could design and administer the program, with the participation of private sector construction companies. Public sector funding would be needed to support this type of program, but private sector foundations should be sought out to provide financial support as well.

The development of biomedical/biotechnical manufacturing activities would benefit from public sector initiatives. The public sector should take the lead in organizing a consortium of private lending institutions for purposes of targeting credit to newly established or expanding manufacturing firms in this area. Loan guarantees from the public sector may be needed to finance the expansion of these firms. A commitment to include minorities in the operation and ownership of these firms should be a condition for receiving public sector loan guarantees. A biomed/biotech industrial zone should be created in the proximity of the medical center and Overtown CRP target area (if not within some subsections of the target area itself), to ensure that public sector initiatives in biomed/biotech compliment the redevelopment objectives.

Joint venture partnerships between non-minority and minority firms should also be encouraged. This could be accomplished by persuading local business leaders that such partnerships are consistent with sound business practices and at the same time help to accomplish important social objectives. Joint partnerships could also be accomplished through *conditioning* public sector construction contracts and other types of public sector financial support, in essence requiring such partnerships in order to benefit from public sector spending.

LIST OF REFERENCES & CREDITS

LIST OF TECHNICAL REFERENCES

OVERTOWN CRP & ACTION PROGRAM STUDY DOCUMENTS

The following final reports were prepared by the Florida Center for Urban Design & Research and the FAMU/USF Cooperative Master of Architecture Program, in association with sub-consultants Reginald A. Barker, AICP, and Robert D. Cruz, Ph.D., on behalf of the Overtown Advisory Board, Inc., under its grant from the City of Miami to carry out the Overtown Community Redevelopment Plan & Action Program Study of 1991-1993.

Final Report - Part I, **Overtown CRP Executive Summary**, December 1993

Final Report - Part II, **Overtown Community Redevelopment Plan**, December 1993

Final Report - Part II Appendix, **Overtown CRP Appendix**, December 1993

Final Report - Part III, **Overtown CRP Implementation/Fiscal Impacts Report**, December 1993

Assessment of Existing Conditions Warranting Additional Redevelopment Actions in Overtown (Findings of Necessity Re F.S., Ch. 163 (Part III)), May 1992

Market and Community Needs/Opportunities Assessment, May 1992

Overtown Partnership and Community Action Program Agenda, November 1992 (An internal document for use of the Overtown Advisory Board, Inc.)

OTHER USEFUL REFERENCES

City of Miami, **Southeast Overtown/Park West Community Redevelopment Plan**, December 1982 As Amended

City of Miami Planning Department, **Overtown Redevelopment Plan**, October 1979

City of Miami Planning Department, **Overtown Neighborhood Planning Program, 1990-92**, September 1988

City of Miami Planning Department, **Miami Comprehensive Neighborhood Plan**, 1989-2000

City of Miami Ordinance #11000, September 4, 1990 As Amended, providing current zoning regulations for the City.

G.A. Partners, Inc., **Recommended Redevelopment Policy and Procedures**, prepared for Metropolitan Dade County, in association with WRT, Inc., Casella & Associates, and Holland & Knight, 1987.

Metro-Dade County Planning Department, **Comprehensive Development Master Plan**, April 1988.

U.S. Department of Commerce, Bureau of the Census, **Census of Population and Housing** and **County Business Patterns**, various years.

City of Miami Overtown Independent Review Panel, **Final Report Concerning Economic Issues Relative to the Overtown Civil Disturbance**, December 1990.

Florida Center for Urban Design and Research, **The Overtown Connection: Opportunity for Partnership and Progress**, November 1988.

Joint Center for Environmental and Urban Problems, Florida International University, **Evaluation of Redevelopment Initiatives in Overtown**, October 1991

City of Miami, Department of Development and Housing Conservation, **Comprehensive Housing Affordability Strategy**, September 1991.

Metro-Dade County, Office of Community Development, **Comprehensive Housing Affordability Strategy**, June 1991

Metro-Dade County Planning Department, Research Division, **Housing and Population, 1980-90**, March 1991

CREDITS

CITY OF MIAMI

City Commission

Xavier L. Suarez, Mayor
Miriam Alonso, Vice Mayor
Miller J. Dawkins
Victor DeYurre
J.L. Plummer

Cesar H. Odio, City Manager

City of Miami Agencies

Department of Development and Housing Conservation
Department of Planning, Building and Zoning
Department of Community Development
Department of Public Works

Individual Staff Contributions:
Elbert L. Waters, Assistant Director, Planning Department
Lourdes Slayzk, Planner II, Planning Department
Gregory Gay, Planner I, Planning Department
Hammond Noriega, OAB Staff Coordinator, DOD
Leonard Helmers, Engineer, Public Works Department

METROPOLITAN DADE COUNTY

Metro-Dade Property Appraiser's Office

Metro-Dade Department of Housing & Urban Development
Richard L. Fosmoen, Director of Planning

Metro-Dade County Planning Department, Research Division
Dr. Charles Blowers
Manny Armada

Note: All base and information maps of Overtown in this report are dervied from the base maps provided to Overtown Advisory Board by the City of Miami Department of Planning, Building and Zoning.

OVERTOWN ADVISORY BOARD

Robert L. McKinney, Esq., President

Overtown CRP & Community Action Program Management Committee
Donald F. Benjamin, AICP, Chairman
Dorothy Fields, Member
Rev. John F. White, Member
Robert L. McKinney, Esq., Ex-Officio

We wish to acknowledge the valuable contributions of numerous other individuals in the Overtown Advisory Board, Overtown Community leaders, and key individuals in other private and public agencies.

FLORIDA CENTER FOR URBAN DESIGN & RESEARCH STAFF/CONSULTANT TEAM

Florida Center Staff

David A. Crane, FAIA, AICP	Principal-In-Charge
T. Trent Green	Faculty Collaborator, FAMU/USF Architecture Program
Joseph Pando	Project Manager, Urban Designer
Kristine Quince	Project Manager, Urban Designer
Christopher Joiner	Senior Urban Designer
Karim Tahiri	Senior Urban Designer
Christopher Faircloth	Housing Specialist
Shannon Kitson	Technical Assistant

Sub-Consultants

Reginald A. Barker, AICP, Planning Consultant
Robert D. Cruz, PhD, Economic & Fiscal Research Specialist

Redevelopment Financing Advisors (F.S. Ch. 163-Part III)

Sam Casella, AICP, Casella & Associates
Edward Bulleit, Sr. V-P, William R. Hough, Inc.

FAMU/USF Cooperative Master of Architecture Program: Graduate Interns

Philip Campbell, George Krueger, and Jay Texada

Note: The Florida Center has been integrated into the FAMU/USF Cooperative Master of Architecture Program on the Tampa, FL campus of the University of South Florida (USF). The Architecture Program Director is Alexander Ratensky, AIA; the Florida Center Director is James A. Moore, PhD.